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Footwear (Men's, Women's, Boys', Girls')

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FOOTWEAR (MEN'S, WOMEN'S, BOYS' & GIRLS')

Market Trends

At the onset of the year 1987, U.S. footwear industry analysts, in reviewing the outlook, saw problems with high inventories and a complex trade situation, as well as a need for quicker market response and a better understanding of consumer markets. These problems continue to absorb the efforts of the domestic industry.

As the year progressed, import growth overall in the first seven months was almost flat, with a total of 593 million pairs of nonrubber footwear imported in the 1987 period compared with 589.3 million in the same 1986 period. However, 1986 import figures had established record levels. Imports of rubber/canvas footwear in the 1987 period were up 14.5% over the first six months of 1986.

In September 1987, the House of Representatives passed textile-footwear quota legislation. The Textile and Apparel Trade Act of 1987 calls for the imposition of global quotas on all categories of nonrubber footwear, with quotas to be permanently frozen at 1986 levels. The Bill must now be passed by a two-thirds majority in the Senate, then survive a very probable Presidential veto. Retailers and importers, who are against trade restrictions, feel fairly confident that there will not be enough supporters in the House to override a veto, unless trade or economic conditions substantially worsen, and the latter possibility looms larger with the decline in the stock market. An Omnibus Trade Bill under consideration in the Senate contains language that would make it easier for domestic footwear manufacturers to be granted relief from unfairly traded imports under Section 201 of the U.S. trade law.

U.S. production of footwear in the first seven months of 1987 dropped 9.4% below the comparable 1986 period. A resurgence in demand for sneakers, however, helped producers of rubber canvas footwear to increase production 15%, while imports went up by almost the same percentage.

Total employment in the domestic nonrubber footwear industry in the first half of 1987 averaged 6.6% below the average in the same 1986 period, but hourly earnings gained 2.7%.

Due entirely to imports, total market supply of nonrubber footwear (new supply) in the first six months of 1987 grew slightly compared with the 1986 period in terms of quantity, but value was up due to higher prices. As of June 1987, the consumer price index for all footwear was up 4.2% over the June 1986 level, with the index for women's styles up 4.5%.

In the first seven months of this year, shoe stored chalked up a gain of 10.6% compared with sales in the first seven months of 1986 (in current dollars), indicating a real increase -- over and above price increases.

AT THE MANUFACTURER LEVEL

GENERAL INDUSTRY STATISTICS

Industry data in this section is drawn primarily from government sources within the Department of Commerce and the Department of Labor. A basic source for industry statistics is the complete census of all manufacturers with payroll which is conducted by the Census Bureau every five years. The most recent census covered operations in the year 1982. In intervening years, the Census Bureau conducts an annual survey among a sample of manufacturers in order to develop estimates on key measurements of manufacturing activity. Another Department of Commerce source, the International Trade Administration, develops information on annual growth rates and projections in terms of current and constant dollar values.

GENERAL INDUSTRY STATISTICS

Industry Profile

Trends in the Footwear Industry

	Compound Annual Rate of Change		Percent Change (e)	
	1972-1984	1979-1984	1986/1985	1987/1986
Nonrubber footwear industry*				
Value of industry shipments				
Current dollars				
Industry total	+ 3.4%	+ 1.7%	-11.4%	nr
House slippers	+ 4.2	- 1.0	- 0.8	nr
Men's footwear	+ 4.7	+ 2.6	- 6.0	nr
Women's footwear	+ 2.1	+ 2.0	-22.1	nr
Footwear, nec	+ 2.8	- 0.6	- 5.1	nr
Constant 1982$				
Industry total	- 2.8	- 1.5	-11.7	- 4.8
House slippers	- 1.6	- 3.8	- 7.7	- 2.2
Men's footwear	- 2.5	- 0.6	- 6.9	- 4.0
Women's footwear	- 3.5	- 1.5	-20.6	- 6.0
Footwear, nec	- 2.4	- 3.4	- 6.0	- 6.1
Total employment	- 4.5	- 6.1	- 5.9	nr
Rubber/plastics footwear industry				
Value of industry shipments*				
Current dollars	+ 1.1	+ 4.9	-14.1	nr
Constant (1982$)	- 3.3	+ 2.7	-11.5	- 4.7
Total employment	- 6.0	- 3.0	-11.2	nr

nr not reported
nec not elsewhere classified
(e) estimated
* Value of all products and services sold by plants classified in this industry.

Source: U.S. Department of Commerce: International Trade Administration, 1987 U.S. Industrial Outlook.

The U.S. Manufacturing Industry By Type of Footwear: 1982, 1984, 1985

	1985	1984	1982(r)	% Change 1985/82
NONRUBBER FOOTWEAR, TOTAL (SIC 314*)				
Number of companies	na	na	na#	--
Number of establishments##	na	681	751	--
With 20 or more employees	na	489	536	--
All employees (thous.)	86.1	101.3	121.4	- 29.1%
Production workers (thous.)	75.7	88.9	107.4	- 29.5
Payroll (mil. $)	$1,002.8	$1,125.8	$1,250.0	- 19.8
Value added by manufacture (mil. $)**	2,357.2	2,602.8	2,808.9	- 16.1
Value of industry shipments (mil. $)***	4,448.1	4,883.2	5,269.3	- 15.6
Capital expenditures, new (mil. $)	53.3	63.8	65.6	--
Machinery equipment	na	na	47.3	--

(continued)

GENERAL INDUSTRY STATISTICS

Industry Profile (continued)

The U.S. Manufacturing Industry By Type of Footwear: 1982, 1984, 1985
(continued)

	1985	1984	1982(r)	% Change 1985/82
MEN'S FOOTWEAR, EXCEPT ATHLETIC (SIC 3143*)				
Number of companies	na	na	129	--
Number of establishments#	na	188	203	--
With 20 or more employees	na	146	159	--
All employees (thous.)	34.9	40.1	46.5	-24.9%
Production workers (thous.)	30.8	35.3	40.7	-24.3
Payroll (mil. $)	$ 435.9	$ 472.7	$ 503.1	-13.4
Value added by manufacture (mil. $)**	1,051.4	1,118.9	1,101.4	- 4.5
Value of industry shipments (mil. $)***	2,070.5	2,230.6	2,261.4	- 8.4
Capital expenditures, new (mil. $)	28.9	28.0	28.3	+ 2.1
Machinery & equipment	na	na	18.8	--
WOMEN'S FOOTWEAR, EXCEPT ATHLETIC (SIC 3144*)				
Number of companies	na	na	209	--
Number of establishments#	na	247	293	--
With 20 or more employees	na	203	226	--
All employees (thous.)	34.3	40.7	48.4	-29.1
Production workers (thous.)	30.3	36.1	43.4	-30.2
Payroll (mil. $)	$ 378.8	$ 431.2	$ 483.1	-21.6
Value added by manufacture (mil. $)**	919.6	987.1	1,107.0	-16.9
Value of industry shipments (mil. $)***	1,613.0	1,728.1	1,933.2	-16.6
Capital expenditures, new (mil. $)	12.3	23.2	20.2	-39.1
Machinery & equipment	na	na	17.0	--
HOUSE SLIPPERS (SIC 3142*)				
Number of companies	na	na	53	--
Number of establishments#	na	54	62	--
With 20 or more employees	na	37	44	--
All employees (thous.)	5.7	6.5	7.5	-24.0
Production workers (thous.)	4.9	5.4	6.4	-23.4
Payroll (mil. $)	$ 62.5	$ 66.8	$ 71.3	-12.3
Value added by manufacture (mil. $)**	112.3	133.6	149.7	-25.0
Value of industry shipments (mil. $)***	223.2	248.4	275.8	-19.1
Capital expenditures, new (mil. $)	4.2	4.1	3.1	+35.5
Machinery & equipment	na	na	2.4	--
FOOTWEAR, EXCEPT RUBBER, NOT ELSEWHERE CLASSIFIED (SIC 3149*)				
Number of companies	na	na	167	--
Number of establishments#	na	169	193	--
With 20 or more employees	na	100	107	--
All employees (thous.)	11.2	14.0	19.1	-41.4
Production workers (thous.)	9.7	12.1	16.8	-42.3
Payroll (mil. $)	$ 125.6	$ 155.2	$ 192.7	-34.8
Value added by manufacture (mil. $)**	274.0	362.2	450.9	-39.2
Value of industry shipments (mil. $)***	541.4	676.2	789.9	-32.2
Capital expenditures, new (mil. $)	7.9	8.6	14.0	-43.6
Machinery & equipment	na	na	9.2	--

(continued)

GENERAL INDUSTRY STATISTICS

Industry Profile (continued)

The U.S. Manufacturing Industry By Type of Footwear: 1982, 1984, 1985
(continued)

	1985	1984	1982(r)	% Change 1985/82
RUBBER/PLASTICS FOOTWEAR (SIC 3021*)				
Number of companies	na	na	53	--
Number of establishments#	na	59	65	--
With 20 or more employees	na	36	40	--
All employees (thous.)	12.0	15.0	17.6	-31.8%
Production workers (thous.)	9.7	12.4	15.0	-35.3
Payroll (mil. $)	$ 161.1	$ 181.8	$ 196.5	-18.0
Value added by manufacture (mil. $)**	318.0	340.9	360.1	-11.7
Value of industry shipments (mil. $)***	647.2	681.3	706.2	- 8.4
Capital expenditures, new (mil. $)	8.4	23.0	12.4	-32.2
Machinery & equipment	na	na	11.4	--
BOOT & SHOE CUT STOCK & FINDINGS (SIC 3131*)				
Number of companies	na	na	149	--
Number of establishments#	na	148	161	--
With 20 or more employees	na	78	80	--
All employees (thous.)	5.4	6.0	6.8	-20.6%
Production workers (thous.)	4.7	5.1	5.7	-17.5
Payroll (mil. $)	$ 64.5	$ 73.8	$ 80.8	-20.2
Value added by manufacture (mil. $)**	111.1	128.3	154.7	-28.2
Value of industry shipments (mil. $)***	277.3	313.8	367.8	-24.6
Capital expenditures, new (mil. $)	2.9	2.8	6.0	-51.7
Machinery & equipment	na	na	5.0	--

na not available
(r) revised

\# In the 1982 Enterprise Statistics report issued by the Census Bureau a total of 481 companies classified in the Footwear, Except Rubber, Industry were reported. Of this total, 437 were single-industry companies (operating only within this industry classification) and 44 were multi-industry companies. In Enterprise Statistics, companies are classified according to their owning firm's primary industry activity. In the Industry Series, a source for the above table and other tables in this Fact File, information is on an establishment (plant) basis. Each plant is separately classified by industry, based on its primary product, regardless of company ownership. Company counts, therefore, include some companies which are not primarily footwear companies.

\## Each manufacturing location is counted as a separate establishment (plant). Auxiliary locations (such as sales offices, warehouses, etc.) are not included in the above table.

* Manufacturing plants are classified by industry under the Standard Industrial Classification (SIC) System determined by the principal product, as shown below. (SIC 314 is a composite of industries in SIC 3142, -43, -44, -49).

GENERAL INDUSTRY STATISTICS

Industry Profile (continued)

Industry Definitions:

SIC 3143 Establishments primarily engaged in the production of men's dress and casual shoes, boots and work shoes -- much of these are all leather.

SIC 3144 Establishments primarily engaged in the production of women's dress and casual shoes, sandals and boots. Much of the footwear produced by these plants is primarily of leather.

SIC 3142 Establishments primarily engaged in the production of house slippers made of leather or other materials. Slipper socks are included in this industry, if made from purchased socks.

SIC 3149 Establishments primarily producing footwear not classified in the above industries or in SIC 3021 (rubber and plastic). Included in SIC 3149 are shoes for infants and babies, children, misses, youths and boys. Also included are athletic shoes (except footwear with fabric uppers and rubber or plastic soles), theatrical shoes, and beach slippers.

SIC 3021 Establishments making all-rubber or all-plastic footwear, or footwear with rubber or plastic soles galvanized to the fabric uppers. There are two basic types of footwear included: (1) fabric upper espadrilles, sneakers (with fabric uppers), specialties designed for leisure wear (not including slippers), etc.; (2) protective footwear including boots, arctics, rubbers, etc., designed to be worn as a protection against water, oil, chemicals, cold weather, etc.

SIC 3131 Establishments primarily engaged in manufacturing leather soles, inner soles, and other boot and shoe cut stock findings. This industry also includes finished wood heels. It does not include manufacturers of shoe findings made of rubber, plastic, or fiber.

** Value added by manufacture is derived by subtracting the cost of finished products, materials, supplies, fuel, contract work, etc., from the value of shipments (including resales of finished products) plus the net change in the value of finished products and work-in-process inventories between the beginning and end of the year, without adjustment for price changes.

*** Value of industry shipments represents the total value of shipments of all establishments classified in the specified industry. The data includes the shipments of products classified in the industry (primary to the industry), products classified in other industries (secondary to the industry), and miscellaneous receipts (repair work, research and development, resales, etc.) This should be clearly distinguished from the specific value of footwear shipments by all manufacturers, including both primary and secondary producers which are classified in other industries. The value is covered in PRODUCT SHIPMENTS.

Source: U.S. Bureau of the Census 1982: Census of Manufactures (Industry Series MC82-1-30A, 31A); 1984, 1985 Annual Survey of Manufactures.

GENERAL INDUSTRY STATISTICS

Explanation of other terms used in this Fact File:

Nonrubber footwear: Includes shoes, boots and slippers made by "conventional" processes, such as cemented, welted, slip-lasted, etc., and shoes with rubber sole vulcanized to leather uppers. (Footwear covered in SIC 314.)

Rubber/plastic footwear: Footwear with rubber or plastic soles and fabric uppers, such as sneakers, and rubber or plastic protective footwear. (SIC 302.)

Sizes:
Men's shoes: sizes 6 and over, including big boys' shoes.
Youths' and boys' shoes: sizes 12 1/2 to 5 1/2.
Women's shoes: sizes 4 and over including growing girls' shoes.
Misses' shoes: sizes 12 1/2 to 3 1/2.
Children's shoes: sizes 8 1/2 to 12, including little boys' shoes.
Infants' shoes: size 0 to 8.

Note: In some cases, sources of information use age designations rather than size in classifying shoe types.

Employment/Earnings/Labor Costs

Census Bureau reports covering plants classified in the nonrubber footwear industry trace the decline in U.S. production worker levels. As of 1985, production worker employment in men's footwear plants averaged 43% below 1972; in women's footwear, production worker employment was down by more than half (-57%); in athletic and other footwear, it declined 62%; in house slippers, the loss was 30.9%.

On a current dollar basis, total payrolls in men's nonrubber footwear in 1985 were 16.6% above the 1972 total; in women's footwear, however, there was an 11% decline.

Production Worker Employment, Wages & Value Added By Manufacture, 1972-1985

Year	No. of Production Workers (thousands)	Total Wages (Mil. $)	Value Added By Manufacture (Mil. $)
Nonrubber footwear plants:			
Men's, except athletic			
1985	30.8	$ 336.8	$ 1,051.4
1984	35.3	368.4	1,118.9
1982	40.7	382.2	1,101.1
1977	49.2	332.2	871.9
1972	54.4	288.9	674.4
Women's except athletic			
1985	30.3	296.1	919.6
1984	36.1	338.9	987.1
1982	43.4	392.9	1,107.0
1977	51.3	315.6	755.0
1972	70.0	334.3	763.6

GENERAL INDUSTRY STATISTICS

Employment/Earnings/Labor Costs (continued)

Production Worker Employment, Wages & Value Added By Manufacture, 1972-1985
(continued)

Year	No. of Production Workers (thousands)	Total Wages (Mil. $)	Value Added By Manufacture (Mil. $)
House slippers			
1985	4.9	$ 46.0	$ 112.3
1984	5.4	49.4	133.6
1982	6.4	51.7	149.7
1977	7.0	39.6	108.8
1972	7.1	33.4	85.7
Athletic footwear children's footwear, etc.			
1985	9.7	92.1	274.0
1984	12.1	110.1	363.2
1982	16.8	146.8	450.9
1977	21.8	135.1	333.7
1972	25.6	124.9	272.5

Source: U.S. Bureau of the Census: Census of Manufactures, Annual Surveys of Manufactures (Industry Series).

Information on a monthly and annual basis in employment, average hours and earnings, by industry is released by the U.S. Bureau of Labor Statistics. Averages on employment differ somewhat from the numbers issued by the Census Bureau due to differences in the methods used in compilation, but the trends are the same.

Total employment in the U.S. nonrubber footwear industry in 1986 averaged 89,700, which represented a decline of 9.7% from the 1985 average of 99,300. The number of production workers in the industry registered an average 75,500 in 1986 down 10.2%. This continues the decline in employment that has persisted since 1968.

The sharpest drop has been reported in employment in women's nonrubber footwear, where the 1986 level declined 30% compared with 1983, while it was down less than 22% in the men's footwear segment.

Total employment in rubber/plastics footwear in 1986 averaged 10,600, which was 18.5% lower than the 1985 average. Although demand for sneakers has picked up substantially, most of these shoes are sourced in the Far East, particularly Korea.

The decline in employment in domestic footwear production continues in 1987. In the first half of the year, total employment in the domestic nonrubber footwear industry averaged 86,300 -- 6.6% below the average in the same 1986 period. Production worker levels averaged 4.8% below the year-ago average for the first six months, while average weekly hours and average hourly earnings were higher -- up 4.7% and 2.7%, respectively, compared with January-June 1986.

GENERAL INDUSTRY STATISTICS

Employment/Earnings/Labor Costs (continued)

Employment, Hours & Earnings: Annual Averages, 1983-1986
(Employment figures in thousands)

	Employment		Production Worker		
		Production	Average Earnings		Average Weekly
	Total	Workers	Weekly	Hourly	Hours
Total footwear, nonrubber					
1986	89.7	75.5	$ 201.96	5.61	36.0
1985	99.3	84.1	202.40	5.53	36.6
1984	114.7	97.5	196.02	5.43	36.1
1983	126.0	107.3	190.77	5.27	36.2
Men's footwear, except athletic					
1986	39.8	31.8	214.44	5.99	35.8
1985	42.9	34.7	210.96	5.86	36.0
1984	48.0	38.9	208.42	5.71	36.5
1983	50.7	41.0	202.40	5.50	36.8
Women's footwear, except athletic					
1986	31.8	27.9	192.05	5.32	36.1
1985	35.4	31.0	195.57	5.30	36.9
1984	42.2	37.1	187.07	5.24	35.7
1983	47.9	42.5	185.24	5.16	35.9
Rubber/plastics footwear					
1986	10.6	9.0	234.42	5.98	39.2
1985	13.0	10.9	214.70	5.68	37.8
1984	16.4	14.0	210.26	5.35	39.3
1983	16.7	14.1	196.08	5.16	38.0

Source: U.S. Department of Labor,
Bureau of Labor Statistics.

While average hourly pay in the footwear industry continues to rise, Census Bureau reports show the decline in total payrolls. The level in men's footwear in 1985 was about 12% lower than in 1982; in women's footwear plants, wage totals were down almost 25%; in athletic and other footwear, down 37%, as plants closed and employment declined.

From 1982 through 1986, 307 nonrubber footwear plants were closed, 63 were opened, according to Footwear Industries of America, for a net loss of 244 plants. Closings in 1986 numbered 70, 12 more than in 1985 but below the peak of 104 recorded in 1984.

Labor costs have been a major factor in the disparity between the price of imported footwear and the domestic product. U.S. manufacturers are reducing costs through consolidations and through the installation of new machinery and equipment, while closing small and inefficient plants.

GENERAL INDUSTRY STATISTICS

Employment/Earnings/Labor Costs (continued)

The devaluation of the U.S. dollar is affecting the price of imported footwear, particularly imports of fashion shoes from Europe, making these products more expensive in the U.S. As this trend continues, the pace in plant closings and rising employment in the U.S. footwear industry may slow, but, on the other hand, importers will seek out new, less-expensive sources of supply abroad.

The F.I.A. has compiled the following information on nonrubber footwear unit labor costs in the U.S. from 1975 through 1986.

Nonrubber Footwear Unit Labor Costs
1975-1986

Year	Wage/ Hour	Pairs/ Hour	Unit Labor Cost	Average Price/Pair	Labor Share %
1975	3.08	1.583	1.95	7.50	26.0
1976	3.28	1.516	2.16	8.28	26.1
1977	3.48	1.610	2.16	8.53	24.9
1978	3.75	1.581	2.37	9.20	25.8
1979	4.09	1.656	2.47	10.60	23.3
1980	4.42	1.656	2.67	12.00	22.3
1981	4.82	1.566	3.08	12.85	24.0
1982	5.12	1.709	3.00	13.43	22.3
1983(r)	5.27	1.679	3.14	14.03	22.4
1984(r)	5.43	1.657	3.28	14.31	22.9
1985	5.53	1.656	3.34	14.55	23.0
1986	5.61	1.708	3.28	14.65	22.4

(r) revised

Source: Compiled by F.I.A. from U.S. Department of Labor, Bureau of Labor Statistics and U.S. Department of Commerce, Bureau of the Census data.

Unemployment rates in the footwear industry; which had been declining since the peak rate of 18.8 was reached in 1982, turned up in 1986. However, they are still well below the 1982-1984 rates. Much of the decline is attributed to the fact that dismissed workers in the industry have sought employment in other industries.

Nonrubber Footwear Unemployment
1975-1986

Year	Number of Unemployed Workers	Unemployment Rate
1975	27,000	13.2
1976	24,000	11.0
1977	24,000	10.7
1978	17,000	8.2
1979	17,000	8.0
1980	16,000	7.7
1981	27,000	12.5
1982	41,000	18.8
1983	37,000	18.6
1984	27,000	16.6
1985	18,000	15.0
1986	18,000	15.4

Source: U.S. Department of Labor, Bureau of Labor Statistics.

GENERAL INDUSTRY STATISTICS

Employment/Earnings/Labor Costs (continued)

Monthly Pattern in Footwear Industry Production Worker Employment, 1985, 1986
Index: Monthly Averages For Year = 100)

	Nonrubber Footwear Industry*				Rubber/Plastics Footwear Industry	
	Men's		Women's			
	1986	1985	1986	1985	1986	1985
Year	100.0	100.0	100.0	100.0	100.0	100.0
January	104.4	103.8	105.5	102.9	104.0	106.2
February	102.8	101.2	102.7	97.1	105.9	104.4
March	101.6	100.6	100.3	94.2	105.9	104.4
April	100.9	100.6	100.3	95.2	103.0	103.5
May	100.6	100.6	100.0	100.0	100.0	105.3
June	100.0	101.4	98.6	103.2	99.0	102.6
July	92.8	93.6	91.8	96.2	90.1	96.5
August	103.1	101.2	101.7	104.5	96.0	96.5
September	100.3	99.7	98.6	102.9	95.0	93.8
October	97.8	99.1	100.3	100.9	98.0	93.8
November	99.1	98.8	101.0	101.9	100.0	95.6
December	97.8	99.1	100.3	101.9	97.0	95.6

* Not including athletic footwear

Source: Based on Bureau of Labor Statistics reports.

Industry Concentration

The larger U.S. footwear producers have responded to competition from imports by closing plants, consolidating production and increasing efficiency in fewer plants, as well as expanding retailing operations and importing their own lines of branded footwear. Small companies, unable to take these measures for survival, have closed. Thus the domestic footwear industry is smaller and more concentrated among large companies.

In 1984, according to latest U.S. International Trade Commission data, there were an estimated 222 companies with 10 or more employees in plants producing nonrubber footwear. Two out of three made less than 1 million pairs annually and together these small producers accounted for only 19% of domestic production.

In contrast, 10% of the largest companies--each producing over 4 million pairs annually -- accounted for 51% of total production. In 1985, the top 20 nonrubber footwear producers captured 52% of total U.S. production, up from 48% in 1984.

In 1982, 53 U.S. companies operated 65 plants manufacturing rubber/plastic footwear. Under pressure from imports, U.S. operations in this labor-intensive industry have continued their long-term decline. The number of plants primarily producing rubber/plastics footwear is currently estimated to be below 50. There is, however, a resurgence in demand for sneakers, now made primarily in Korea.

GENERAL INDUSTRY STATISTICS

Industry Concentration (continued)

In October 1986, the Census Bureau issued a special report, 1982 Enterprise Statistics which analyzed 1982 census of manufactures in terms of major activity of companies (owning firms) in contrast with plant (establishment) primary activity which determined the classification of companies for other 1982 census data covered in this Fact File. For example, it was reported that 681 companies operated one or more plants primarily manufacturing nonrubber footwear in 1982. However according to the enterprise approach, only 481 companies were primarily nonrubber footwear manufacturing companies.

These were distributed as follows in terms of sales and receipts for goods and services.

Company Statistics By Receipt Size Class: 1982

	Companies	Owned Establishments*	Employees (number)	Sales/ Receipts (mil. $)
Nonrubber Footwear				
All companies	81	5,428	136,651	$ 6,376.7
With sales/receipts ($1,000) of --				
Under $1,000	236	238	2,877	73.2
$1,000 - $2,499	69	70	3,591	111.1
$2,500 - $4,999	54	60	6,227	199.0
$5,000 - $9,999	37	52	7,933	254.0
$10,000 - $24,999	44	178	17,447	676.7
$25,000 - $49,999	23	97	15,587	828.2
$50,000 & over	18	4,733	82,989	4,234.5

* Includes both plants and auxiliary establishments (administrations, warehousing, etc.) but not sales offices, which are covered in wholesale trade reports issued by the Census Bureau.

Source: U.S. Bureau of the Census, 1982 Enterprise Statistics (ES82-1).

As indicated above, in 1982 there were 18 companies primarily in the nonrubber footwear industry. These companies accounted for 87% of the establishments, 61% of the employees, 66.4% of the sales and receipts reported for this group.

The following counts cover the number of manufacturers of specified footwear types which had shipments valued at $100,000 or more in 1982:

	Number of Companies
Nonrubber footwear:	
House slippers (except slipper socks)	36
Men's footwear:	
Work shoes, boots	36
Dress & casual boots	50
Dress & casual shoes (except athletic)	72
Women's footwear:	
Boots, ankle height or higher	52
Sandals, including fabric upper	55
Casual shoes, except sandals	100
Dress shoes	60

(continued)

GENERAL INDUSTRY STATISTICS

Industry Concentration (continued)

	Number of Companies
Manufacturers with shipments valued at $100,000 or more in 1982:	
Youths', boys' shoes, except athletic	30
Infants', babies' shoes	41
Misses' shoes, except athletic	30
Children's shoes	45
Athletic shoes (not including rubber/canvas footwear whether for organized sports or street wear)	30
Nonrubber footwear n.e.c.	20
Rubber/plastics footwear:	
Protective footwear	14
Tennis, running, basketball, etc., espadrilles (soles vulcanized to fabric upper, not including sandals and slippers)	36

n.e.c. not elsewhere classified

Source: U.S. Bureau of the Census:
1982 Census of Manufactures, Industry Series (MC82-1 30A, 31A).

The Census Bureau has also compiled information on the value of industry shipments and miscellaneous receipts accounted for by the 50 largest companies operating plants classified in various segments of the footwear industry. It should be noted that a company can be counted in more than one segment of the industry. In the nonrubber footwear industry, the increased concentration level of shipments was more pronounced among companies making women's footwear than men's footwear.

Share of Industry Shipments Accounted For By the Largest Manufacturing Companies: 1977, 1982

Industry	No. of Companies*	Value of Shipments: Total (mil. $)	% Share Accounted For by Largest Companies: Top 4	Top 8	Top 20	Top 50
Nonrubber footwear						
Men's except athletic						
1982	129	$2,261.4	28	45	74	96
1977	115	1,734.5	31	46	73	95
Women's, except athletic						
1982	209	1,933.2	38	47	64	84
1977	243	1,361.2	29	39	56	79
House slippers						
1982	53	275.8	60	76	94	nr
1977	65	201.2	44	64	87	99
Footwear nec						
1982	167	798.9	26	41	68	93
1977	159	594.8	24	41	68	91
Rubber/plastics footwear						
1982	53	706.2	39	61	94	100
1977	67	517.0	58	73	95	99+

nr not reported
nec not elsewhere classified
* Includes companies operating plants in the specified industry component.

Source: U.S. Bureau of the Census; 1982 Census of Manufactures: Concentration Ratios in Manufacturing, Subject Series (MC82-S-7).

GENERAL INDUSTRY STATISTICS

Industry Concentration (continued)

In addition to 1982 census data the Census Bureau's annual County Business Pattern report provides information on the number of establishments by employment size for specific industries by county, as well as a U.S. summary covered below.

Establishments in the U.S. Footwear Industry By Employment-Size Class: 1983, 1984

	Nonrubber Footwear Industry				Rubber/Plastics Footwear Industry			
	Estabs*		Employees		Estabs*		Employees	
	1984	1983	1984	1983	1984	1983	1984	1983
Total number in the U.S.	681	714	107,560	112,913	59	66	15,003	16,049
Employment size class:								
Under 10	144	148	480	nr	20	19	61	1,287
10 to 49	133	133	3,493	3,262	10	12	291	
50 to 99	75	83	5,261	6,140	3	6	239	372
100 to 999	324	345	91,146	95,384	22	25	7,772	8,297
1,000 or more	5	5	7,180	nr	4	4	6,640	6,093

* An establishment is a physical location (plant) where business is conducted or industrial operations performed which is in operation anytime during the year.
nr not reported to avoid disclosure of individual operations.

Source: U.S. Bureau of the Census:
County Business Patterns 1983, 1984.

Location of the Industry

Maine had the largest number of footwear plants in the U.S. in 1985. In terms of production of nonrubber footwear, according to Footwear Industries of America (F.I.A.), the leading states in 1985 were Pennsylvania, Missouri, and Maine. However, as noted in the Production section, in 1986 Missouri slightly surpassed Pennsylvania in footwear output.

Nonrubber Footwear Plants in Leading States: 1976, 1985
(Production is in millions of pairs)

State	No. of Plants		Production		Employees (thous.)		Annual Wages (mil. $)	
	1985	1976	1985	1976	1985	1976	1985	1976
1. Pennsylvania	64	91	36.7	na	8.6	16.7	$105.9	$115.7
2. Missouri	54	67	32.0	44.5	14.6	18.2	179.9	125.6
3. Maine	67	76	25.4	na	12.0	16.2	150.3	110.5
4. Texas	58	36	17.8	10.9	5.0	3.9	67.9	27.1
5. Massachusetts	44	83	17.5	36.1	6.8	14.9	92.8	116.4
6. Tennessee	33	42	15.7	34.0	8.2	18.6	95.9	134.4
7. New York	50	80	15.2	38.5	6.2	10.2	85.0	85.8
8. Florida	30	19	12.3	na	0.6	1.4	6.1	9.7
9. Arkansas	19	31	12.2	20.8	4.9	8.5	57.3	53.7
10. Ohio	13	18	10.7	na	3.2	5.4	56.3	46.9

na not available

Source: Footwear Industries of America (F.I.A.) based on
Department of Commerce and Department of Labor reports.

GENERAL INDUSTRY STATISTICS

Location of the Industry (continued)

As previously noted, 307 nonrubber footwear plants were closed in the 1982-1986 period. The greatest number occurred in Massachusetts (33), followed by closings in Maine (30), Tennessee (29), New Hampshire (20). In 1986, alone, there were 10 plant closings in Massachusetts, 9 in New York City, 6 in Texas (out of a national total of of 70 plants closed last year).

Net Closings of U.S. Nonrubber Footwear Plants: 1980-1986

	Closed	Opened	Net Loss
1980	26	10	- 16
1981	38	19	- 19
1982	33	10	- 23
1983	42	18	- 24
1984	104	20	- 84
1985	58	9	- 49
1986	70	6	- 64
1982-1986	307	63	-244

Source: Footwear Industries of America.

Ranked on the basis of value added by manufacture, as well as value of industry shipments, Maine was the leading state in the U.S. nonrubber footwear industry in 1982. This State accounted for 14.9% of the value added and 14.4% of the value of industry shipments in 1982. Missouri ranked second; Tennesse, third. ("Value added" is the best measurement to gauge the relative contribution of states to total product value. (See page 5 for an explanation of the term.)

While New York State had the largest number of plants classified in the industry (87), it ranked sixth in terms of value added by manufacture in its nonrubber footwear industry plants and in value of industry shipments.

Leading States in the Manufacture of Nonrubber Footwear: 1982
(Ranking based on value added by manufacture)

	No. of Plants		Employees	Valued Added By Manufacture		Value of Industry Shipments	
	Total	With 20+ Employees	(thous.)	Mil. $	%	Mil. $	%
Nonrubber footwear industry, total	751	536	121.4	$2,808.9	100.0	$5,269.3	100.0
Leading states:							
Maine	60	50	15.5	420.1	14.9	758.1	14.4
Missouri	51	45	13.6	233.5	11.9	582.5	11.0
Tennessee	36	35	10.8	278.1	9.9	478.5	9.1
Massachusetts	62	47	9.1	230.0	8.2	414.0	7.9
Pennsylvania	73	64	11.2	220.7	7.9	434.9	8.2
New York	87	49	7.4	151.4	5.4	284.5	5.4
Wisconsin	25	22	4.0	110.7	3.9	226.6	4.3
New Hampshire	33	26	6.2	106.5	3.8	213.3	4.0
Arkansas	22	21	5.8	103.0	3.7	196.0	3.7
Texas	40	22	6.0	102.9	3.6	280.2	5.3

Source: U.S. Bureau of the Census: 1982 Census of Manufactures, Subject Series (MC82-1 Part 1).

GENERAL INDUSTRY STATISTICS

Location of the Industry (continued)

Because of the small number of plants operating in the rubber/plastics footwear industry, statistics on relative importance of states were not published on an industry basis in the 1982 census reports. Plants are widely scattered in 15 states.

MANUFACTURERS' OPERATIONS

The annual analysis of operating results of public footwear companies (manufacturers, retailers and diversified operations) compiled by Kurt Salmon Associates, Inc., management consultants, profiled a rebound in 1986. This was due to the strong performance reported for the four athletic footwear specialists included in the analysis: Reebok, Nike, L.A. Gear, and Hyde -- but particularly Reebok. Reebok's $132 million in profits represented 14.4% of their sales compared with an aggregate profit of 1.72% of sales for 15 manufacturer/importer companies. The combined sales of this group were down 7.2% in 1986. Net income rose 2.5%, but net after tax income represented less than 2% of sales.

Selected Footwear Industry Sector Results: 1985, 1986

	Manufacturers/Resources*		Athletic Footwear Manufacturing	
	1986	1985	1986	1985
Number of firms	15	15	4	4
Sales (millions of $)	$1,164.3	$1,254.1	$2,087.7	$1,318.8
Net income (millions of $)	20.1	19.6	196.4	49.1
Net after-tax income on sales %	1.72	1.56	9.41	3.72
Return on total equity %	4.84	4.78	29.85	12.82
Gross profit %	32.17	30.25	37.42	30.38

*Companies deriving 50% or more of their sales from footwear manufacturing or importing, except athletic footwear specialists which are separately covered.

Source: Kurt Salmon Associates: The KSA Perspective: Footwear Profile For 1986.

An annual analysis of sales and operating results of publicly-held footwear companies classified as resources is published in the trade newspaper, Footwear News. The following covers sales and profits in 1986 compared with 1985.

Sales & Profits of Leading Publicly-Held Footwear Manufacturers, 1985, 1986
(Dollar figures in millions)

	Sales			Net Profit (Loss)		
	1986	1985	% Change 1986/85	1986	1985	% Change 1986/85
U.S. Shoe Corp.	$2,003.2	$1,920.2	+ 4.3%	$ 25.5	$ 64.9	- 60.7%
Nike Inc.	1,069.2	946.4	+ 13.0	59.2	10.3	+476.5
Reebok Intl. Ltd.	919.4	307.0	+199.5	132.1	39.0	+239.1
Wolverine World Wide	341.7	389.5	- 12.3	(12.6)	4.0	--
Stride Rite Corp.	283.5	277.3	+ 2.2	17.0	11.2	+ 52.2
Justin	270.3	297.0	- 9.0	5.0	15.1	- 66.6
Weyenberg Manufacturing	106.7	111.5	- 4.3	4.3	4.8	- 9.8
The Cherokee Group	104.0	83.6	+ 24.4	6.8	4.3	+ 59.1
R.G. Barry	86.4	95.7	- 9.7	3.4	(0.9)	--
Suave Shoe Corp.	75.4	84.0	- 10.2	2.4	(5.4)	--

MANUFACTURERS' OPERATIONS

Sales & Profits of Leading Publicly-Held Footwear Manufacturers, 1985, 1986
(Dollar figures in millions)
(continued)

	Sales			Net Profit		
	Millions of $		% Change			% Change
	1986	1985	1986/85	1986	1985	1986/85
Hyde Athletic Industries	62.7	54.7	+ 14.6	3.3	(0.5)	--
Tony Lama Co., Inc.	58.5	67.3	- 13.0	(2.3)	(0.5)	--
Jumping Jacks Shoes, Inc.	41.7	34.9	+ 19.5	1.2	0.9	+ 33.4
L.A. Gear	36.3	10.7	+239.3	1.8	0.2	+658.0
B.B. Walker Co.	31.6	29.8	+ 6.0	(0.4)	(0.5)	--
Sporto Corp.	30.3	28.8	+ 5.2	(0.8)	(1.0)	--
Shaer Shoe Corp.	20.3	27.6	- 26.4	0.9	1.9	- 50.3
Daniel Green Co.	19.9	24.6	- 19.1	0.4	1.7	- 75.5
Wellco Enterprises, Inc.	14.1	13.0	+ 8.5	1.7	1.1	+ 59.5
Penobscot Co.	12.5	11.8	+ 5.9	0.6	0.3	+120.8
Total, above companies	5,587.7	4,815.4	+ 16.0	249.7	150.6	+ 65.8

Note: Sales and profit figures include the companies' total operations, including the manufacture or sale (wholesale/retail) of products in addition to footwear. Percentages are calculated on unrounded figures.

Source: Footwear News, July 6, 1987.

The industry analysis by Kurt Salmon Associates viewed the footwear industry outlook as a period of stabilization. The survivors have come to terms with the realities of imports, athletic styles, and the importance of controlling retail distribution, according to this source. They have found a niche in the very competitive marketplace, but the pressure to diversify, both into retailing -- from manufacturing/sourcing -- and into apparel and other consumer products, is viewed as continuing.

Athletic/Casual Footwear Suppliers

Athletic footwear is clearly the dominating force in the footwear market. This category now represents some 34% of total footwear consumption, up from 30% in 1985 and represents the biggest single component of the U.S. footwear market. At wholesale, industry sources value U.S. volume in 1986 at $2.6 billion, up from $2.1 billion in 1985, and reaching $3.0 billion in 1987. At the same time, U.S. suppliers are enjoying unprecedented demand in international markets. There is stronger demand in Europe for running shoes than in the U.S., but thus far the walking shoe market is almost non-existent.

Over the past four year, the athletic footwear industry has grown at an annual rate of about 12%, according to an analysis by Converse. This growth has been sparked by demand for athletic footwear to be worn for non-athletic purposes, particularly on the part of women, young adults and teenagers.

MANUFACTURERS' OPERATIONS

Athletic/Casual Footwear Suppliers (continued)

As noted, the leading U.S. supplier (importer) is Reebok, which is expected to reach over $1.0 billion in sales in the U.S. in 1987. In the first half of this year, Reebok reported a 64% gain in sales of all products, reaching $640 million, with profits at $81 million -- up 42%. Faced with growing competition, Reebok is expanding its operations, acquiring Avia in March 1987 and the John A. Frye Shoe Co., the bootmaker, in May. This followed the 1986 purchase of the Rockport Co., manufacturer of walking shoes. Reebok is also developing products internally, including Metaphors, a line of women's casual shoes with sneaker-type cushioning, as well as expanding its lines of casual apparel.

Estimated U.S. Sales of Athletic Footwear By Manufacturers/Suppliers
(Millions of dollars)

Company	1987	1986	1985	1984	1983	U.S. Branded Athletic Footwear Sales Share 1986	1985
Reebok	$1,000	$ 841	$ 300	$ 64	$ 13	31.2%	13.5%
Nike	681	557	625	620	636	20.2	28.1
Converse*	260	205	180	254	206	7.3	8.8
Adidas	165	150	162	185	210	6.1	7.5
Avia**	150	70	21	7	3	3.0	1.0
Other	744	777	812	770	732	32.2	41.1
Total	$3,000	$2,600	$2,100	$1,900	$1,800		

* Acquired by INTERCO in September 1986.
** Acquired by Reebok in March 1987.

Source: SportStyle (August 17, 1987); SMART Inc./BW Estimates (Business Week, August 3, 1987).
Market Share: Sports Inc., December 4, 1986.

Reebok more than doubled its business in aerobic shoes last year, although their contribution to total volume declined as they expanded product lines.

Reebok Sales By Product Line: 1984 - 1986
(Millions of dollars)

	1986 Sales	1986 Percent	1985 Sales	1985 Percent	1984 Sales	1984 Percent
Total	$ 841.0	100.0	$299.2	100.0	$64.1	100.0
Aerobic	294.3	34.7	130.4	43.6	36.1	56.3
Tennis	174.7	21.0	88.4	29.6	17.3	27.0
Fitness	139.6	16.6	50.0	16.7	5.4	8.4
Basketball	72.0	8.6	0.7	0.2	--	--
Running	66.4	7.9	16.2	5.4	4.9	7.7
Children's	81.1	9.6	12.8	4.3	0.4	0.6
Other	12.9	1.6	0.7	0.2	--	--

Source: Reebok Annual Report: 1986

MANUFACTURERS' OPERATIONS

Athletic/Casual Footwear Suppliers (continued)

Reebok is reported to have held a 76% share of the U.S. aerobic shoe market in 1986, down from 82.3% in 1985. The company's 1986 share of the tennis shoe market was 48%, up from 21.5%; running shoes, about 20%, up from 6.7%; basketball shoes, about 22% last year.

A growing market represented by young children with fashion-aware, affluent parents, used to wearing athletic footwear for a variety of purposes, has sparked demand for children's footwear with athletic styling. Reebok's sales in this classification went up more than 500% in 1986 compared with 1984, and late last year the company introduced a new line of infants' shoes, sold under the Weebok name, which in addition to appealing styling have the merit of not requiring polishing.

In the area of performance products, Reebok maintained its position as the number one branded tennis shoe in the U.S., in 1986, and completed introduction of basketball shoes for men and for women -- garnering, according to the company, a 15% share of the $1 billion branded basketball footwear retail market. Viewing cycling as currently offering the biggest growth opportunity, the company has brought out a line of cycling shoes made in South Korea for men and for women. A line of golf shoes for women was introduced in 1985, marking the first Reebok offering of footwear that can't be worn on the street.

The Rockport Division of Reebok; which had sales of about $92 million in 1986 compared with $64 million in 1984, designs, develops and markets casual shoes for men and women. Particularly fitness walking shoes, a category which is enjoying a rise in demand. Rockport's sales of ProWalkers increased 400% in 1986. This line is being expanded, along with a complementary women's casual/dress footwear line.

Reebok bought Avia Group International Inc. in March 1987, including the Donner Mountain Division which is best known for walking shoes, rugged outdoor footwear, fitness footwear, active and dress casuals. It is reported to be on the leading edge of suppliers of walking shoes with fashion features. (Reebok has further strengthened its position in the fashion/activewear market through the acquisition of Ellessee International of Italy.

Nike Inc. is second to Reebok in U.S. sales size, and reported to be the leader in performance athletic shoes. The company has a strong new line of 12 styles with soles cushioned by bubbles of compressed air (the Nike-Air line). This helped Nike report an 8% gain in footwear sales in the first quarter of its 1988 fiscal year, ending August 31, and a million pairs of the line leader -- the Air Max -- are expected to be sold this year. Gains in 1987 reverse the poor 1986 results which showed sales off in all but three categories (field sports, fitness, and "other", which includes walking shoes). A new Lifestyle Division has been set up by Nike to incorporate the technical features of athletic footwear into a line of casual shoes for men and women. In August 1987, Nike introduced a new branded division that will design and market comfort footwear, catering to the fast-growing customer base represented by older consumers.

Athletic/Casual Footwear Suppliers (continued)

Sales of Nike Products in the U.S.: Year Ending May 31
(Millions of dollars)

	1986		1985		1984	
	Sales	Percent	Sales	Percent	Sales	Percent
Total	$ 816.6	100.0	$730.1	100.0	761.4	100.0
Footwear, total	649.5	79.5	567.4	77.7	639.6	84.0
Basketball	212.6	26.0	153.2	21.0	125.1	16.4
Running	150.0	18.4	163.6	22.4	240.2	31.5
Raquet	68.5	8.4	76.0	10.4	81.4	10.7
Fitness	54.1	6.6	13.8	1.9	--	--
Field Sports	35.4	4.3	38.1	5.2	42.2	5.5
Children's	115.4	14.1	101.0	13.8	97.1	12.7
Other	13.5	1.6	21.7	3.0	53.6	7.0
Apparel	164.6	20.2	160.4	22.0	121.8	16.0
Athletic equipment	2.5	0.3	2.3	0.3	--	--

Source: Nike, Inc.: Annual Reports.

The third largest supplier to the U.S. athletic footwear market is Converse, which specializes in performance footwear. New product lines are being developed, including the Conveyor walking shoe, and the Hamptons line of performance-oriented dress and casual shoes. The company also produces canvas athletic All Star footwear, and is participating in a surging demand for sneakers, or what consumers over the years have generically called "Keds". Converse has projected a 25% to 30% increase in sales for 1987.

The maker of Keds, Keds Corp., a division of Stride Rite Corp., Cambridge, Mass., reported a 50% increase in sales from 1985 to 1986, and is projecting the same performance in 1987. Unlike Converse and Tretorn (Nylite line) which manufacture their canvas products domestically, Keds manufactures its product primarily in South Korea. Sneakers are more affordable than athletic shoes, and with offerings in many colors and patterns, are favored for multiple purchases.

U.S. footwear sales by Adidas (based in Munich, Germany) in the first eight months of 1987 were reported to be up 17%. Plans have been announced to have U.S.-based design teams which will be in closer touch with the needs of the U.S. market.

Suppliers are taking a look at the market for cross training shoes -- designed for multiple fitness activities, including basketball, weight training and tennis; and many in the industry expect the market for this shoe type to outpace sales of aerobic shoes. Reebok is in it with their Sports Conditioning line; Nike with their Cross Trainers, and Avia with their Transport series. The Avia Group anticipates that its new Transport series for men will reach a sales volume of $30 million next year, and the company plans to bring out a similar line of shoes for women in 1988.

MANUFACTURERS' OPERATIONS

Athletic/Casual Footwear Suppliers (continued)

Casual shoe manufacturer specialists have been severely challenged by imports and by the shift in consumer preference to athletic shoes (now representing over one-third of the total shoe market). Wolverine World Wide Inc., which formerly dominated the casual shoe market in the U.S. with its Hush Puppies brand, closed 7 of its 23 plants and sold two retail chains in the past two years. Sales in 1986 fell 12%, to $342 million.

Sale of a West German subsidiary in 1985 accounted for part of the decline in sales. A restructuring program also led to reduced sales. To take advantage of changing consumer attitudes, new products have been developed to try to attract younger customers, including mesh and linen casuals, weather resistant sports boots, and athletic footwear with a special sole feature. Manufacturing in the company's Dominican Republic facilities has been expanded to gain the benefit of lower labor costs. Sourcing in the Far East has been increased.

A trend noted among both American and European-based activewear manufacturers, which includes the major athletic footwear manufacturers, is toward concept stores and shop-in-shop ventures as a means of penetrating the increasingly competitive U.S. street-active market, while maintaining their current retail accounts.

Converse is now setting up store-in-stores for its new Chucks line of life-style wear, with the first planned for Macy's New York. Puma U.S.A. plans to open the first of a number of in-store shops in Woodward & Lothrop, Washington, D.C., next spring. Nike has operated stores in the U.S., for a number of years, and is reported to be considering the possibilities offered by the store-in-store approach.

EXPENDITURES FOR R&D, TECHNOLOGICAL IMPROVEMENTS

In 1983, the FIA completed a survey of the state of the art in footwear manufacturing to identify priorities and strategies required to bolster the sagging U.S. industry in the face of imports. The study, and later analyses, concluded that the cost gap could be narrowed through the adoption of advanced technology, as well as improved management and operating systems.

Expenditures on research and development, as well as on manufacturing systems and equipment, have increased substantially in recent years in terms of current dollars.

Nonrubber Footwear Producer Expenditures: 1980, 1983, 1984
(Thousands of dollars)

	1984	1983	1980	% Change 1984/1980
Research & development expenditures				
Nonathletic footwear	$17,130	$14,654	$10,181	+ 68.2
Athletic footwear	4,585	2,884	842	+444.5
Technological improvements, total	26,511	15,578	10,912	+143.0
Computer-aided design & grading system	1,283	178	33	+3787.8
Cutting systems	76	0	0	
Computer-aided stitching	4,576	2,362	1,989	+130.1
Stitching room work aids	1,895	1,229	828	+128.9
Injection molding	5,445	3,308	3,136	+ 73.6
Unit bottom molding equipment	1,027	1,033	1,241	- 17.2
Other cost-saving investments	12,209	7,468	3,685	+231.3

Source: Footwear Industries of America and U.S. International Trade Commission.

EXPENDITURES FOR R&D, TECHNOLOGICAL IMPROVEMENTS

The Census Bureau has reported that total spending for new plants and additions by the U.S. footwear industry amounted to $13.7 million in 1985, which was 9.3% below the 1984 total. Spending for new machinery and equipment, on the other hand, rose 14.7% to total $45.3 million in 1985. Most of the increase was within the women's nonrubber footwear segment.

New Plant & Equipment Expenditures: 1982, 1984, 1985
(Millions of dollars)

	Buildings & Structures			New Machinery & Equipment		
	1985	1984	1982	1985	1984	1982
Footwear industry:						
Rubber/plastics footwear	$ 0.6	$ 0.1	$ 1.0	$ 7.8	$ 5.0	$11.0
House slippers	0.7	3.5	1.0	0.8	3.3	2.8
Nonrubber footwear:	12.4	12.5	--	36.7	31.2	44.0
Men's	7.6	6.6	8.2	21.3	21.4	17.3
Women's	2.5	4.8	3.2	9.8	2.3	17.0
Other	2.3	1.1	3.4	5.6	7.5	9.7
Total	$13.7	$15.1	$16.8	$45.3	$39.5	$57.8

Source: U.S. Bureau of the Census:
Annual Survey's of Manufactures.

In 1987, the Bureau of the Census issued a report, 1982 Enterprise Statistics covering information on a company basis (in contrast with 1982 Census of Manufactures/Retail Trade reports which are on a plant or store basis). Following is information on capital expenditures reported for 44 footwear companies, each having a minimum of 500 employees. Total sales of these companies were reported at $4,934.9 million.

Capital Expenditures By Footwear Companies in the U.S.
With 500 Employees Or More: 1982

	No. of Companies	Capital Expenditures			
		Total	Computers & Peripheral Equipment	Other Machinery	Autos & Trucks
Footwear (nonrubber)	44				
Expenditures:					
Mil. of $		$73.3	$ 3.0	$64.3	$ 5.9
% to Sales		1.5	0.1	1.3	0.1

Source: U.S. Bureau of the Census:
1982 Enterprise Statistics.

NATIONAL ADVERTISING EXPENDITURES

The same report referred to above (1982 Enterprise Statistics) included information on spending for purchased advertising services (or outside costs), including space, time, production costs, etc., by companies with 500 employees or more. Of the 44 footwear companies with 500 employees or more reported in the nonrubber footwear industry, 25 companies participated in a survey on advertising expenditures. These companies had sales of $3,905 million in 1982, or 79% of the total volume reported for all companies in the industry with 500 or more employees.

Of the 25 companies, 21 (84%) reported having purchased advertising expenses. Sales of these companies amounted to $3,668 million in 1982; their advertising purchases amounted to $101.6 million. This represented 2.8% of their sales, and 2.6% of the total sales of the 25 reporting companies -- including the four without spending for purchased advertising services.

According to an analysis of 10-K reports filed by publicly owned companies with the Securities & Exchange Commission, advertising expenditures in 1986 represented 4.2% of the total sales of companies which are primarily in the business of manufacturing nonrubber footwear. This compares with a 4.5% share reported in a similar study for 1985, and 3.0% in 1981. Included in the figures are all expenditures classified as "advertising expense" by the reporting company, and is subject to differences in classification systems. It includes media and nonmedia advertising and production costs.

Nonrubber Footwear Industry Advertising Expenditures: 1981-1986

	Ad Dollars As % of Sales	Ad Dollars As % of Margin*	Ad Dollars Annual Growth Rate %
1986	4.2%	10.2%	(4.7%)
1985	4.5	12.2	4.5
1984	3.8	10.4	7.8
1983	3.0	8.5	6.5
1982	3.0	7.9	5.9
1981	3.0	8.2	nr

nr not reported
* Margin is net sales less cost of goods sold.

Source: Pansophic Systems and Schoenfeld & Associates (Advertising Age).

In its Leading National Advertisers report, the Publishers Information Bureau details spending on consumer magazine advertising space by footwear companies. Annual data for 1986 is compared with 1985 data below. The PIB breaks down expenditures for footwear advertising into two classifications "Shoes and Boots Regular & Casual" and "Sport & Protective Footwear" including men's, women's and children's.

NATIONAL ADVERTISING EXPENDITURES

Leading Footwear Advertisers' Spending For Space in Consumer Magazines On Shoes and Boots (Regular & Casual): 1985, 1986

	Space Costs ($000) 1986	1985
Timberland Co.	$ 1,922.3	$ 1,074.3
Rockport Co.	1,655.3	577.5
Brown Group	1,633.1	1,742.9
U.S. Shoe Corp	1,461.6	1,520.8
Stride Rite Corp.	1,335.4	2,426.7
G.H. Bass	1,153.3	1,334.2
Bally Inc.	1,086.5	1,128.9
Espirit De Corp	678.3	895.3
Wolverine World Wide	657.9	469.3
Interco	482.0	407.9
Total, Shoes and boots, regular/casual	$26,269.7	$28,018.4

Leading Footwear Advertisers' Spending For Space on Sport & Protective Footwear in Consumer Magazines: 1985, 1986

	Space Costs ($000) 1986	1985
Reebok USA	$ 7,545.2	$ 3,805.8
Nike	5,326.9	707.1
Autry	2,356.1	1,410.9
Etonic Inc.	1,949.1	967.9
Converse	1,526.3	1,850.9
Avia	1,406.2	524.0
Pony	1,112.5	667.-
Total, Sport & Protective Footwear	$34,966.6	$21,777.9

Source: Publishers Information Bureau.

In August 1987, Reebok International announced it was doubling its 1987 budget for print and broadcast to $30 million (Advertising Age, August 17, 1987). The campaign will position Reebok as a supply of shoes for the serious athlete (which has been Nike's strongest market), as well as for the customer more interested in fashion than fitness.

Nike launched a $7 million advertising campaign in the spring of 1987 on their new Nike-Air line. Converse, Inc. has an advertsing budget of $30 million for 1987. Avia Group International Ltd. has announced a $20 million national advertising and marketing campaign in 1988.

PRODUCTION IN THE U.S.

The U.S. Bureau of the Census compiles monthly and annual information on U.S. production and shipments of footwear based on a sample survey of all known manufacturters (about 475 firms). The reports include manufacturers that cut footwear in the U.S., ship to a foreign country included in the Caribbean Basin Initiative for assembly, then ship back to the U.S. under the special imports category referred to as Item 807 of the U.S. Tariff Schedules.

In the first seven month of 1987, U.S. production of all types of nonrubber footwear fell 9.4% below production in the same 1986 period. The sharpest drop (-26.3%) was noted in slippers. The growth in consumer demand for sneakers was reflected in a 15.3% increase in production of footwear with rubber or plastic soles and fabric uppers. All major classifications of nonrubber footwear registered declines in domestic output with the exception of a small miscellaneous category which includes ballet shoes, theatrical shoes, etc.

Production of Footwear in the U.S.: January-July 1987

	Thous. Pairs	% Change: Jan.-July 1987/1986
Total, all types of footwear	177,366	- 4.6%
Nonrubber footwear, total	130,758	- 9.4
Men's	32,384	- 3.9
Women's	47,258	- 4.7
Juvenile	18,343	- 3.1
Athletic	4,718	- 4.3
Other (ballet, theatrical, etc., and type not specified)	1,890	+15.0
Slippers	26,165	-26.3
Rubber/plastic sole, fabric upper, total	40,025	+15.3
Rubber/plastic protective footwear	6,583	- 3.9

Source: U.S. Bureau of the Census:
Current Industrial Reports (M31A).

In the year 1986, U.S. manufacturers produced 299,335 thousand pairs of footwear of all types; except protective footwear, which was 6.4 percent below the 1985 total. This followed a decline of 12.6% in production in 1985 compared with 1984.

Production of nonrubber footwear in 1986 totaled 241,388 thousand pairs, about 9% below the 1986 level and following a 12.6% decrease the previous year. The 1986 total on nonrubber footwear production compares with a peak of 641,7000 thousand pairs in 1966. (In that year, imports totaled only 96.1 million pairs, compared with 940.4 million in 1986.)

All major types of U.S. footwear registered declines in production last year. However, cuts were particularly sharp in women's footwear, in which large inventories had accumulated at the wholesale and retail level.

Production in the U.S. of all types of athletic shoes fell almost 14% compared with 1985, with running/jogging shoes down over 24%, reversing the 13% gain reported for 1985. There was, however, a pickup in output of court shoes (not including shoes in the rubber/plastics category), which went up over 32% after a 13% decline in 1985. Output of rubber-soled/fabric upper footwear turned up 5.6% in 1986, after a sharp cutback of 75% in 1985. This reflected a growth in consumer demand for sneakers for leisure wear in place of less comfortable, more expensive casual footwear in the nonrubber footwear classification.

PRODUCTION IN THE U.S.

By Type of Footwear

U.S. Production of Footwear By Type: 1984-1986
(Thousands of pairs)

	1986(p)	1985(r)	1984	% Change 1986/85	% Change 1985/84
Footwear, total (nonrubber & rubber/plastic not including protective footwear)	299,335	319,966	365,999	- 6.4%	- 12.6%
Nonrubber footwear, total	241,388	265,098	303,174	- 8.9	- 12.6
Shoes, athletic footwear, boots	185,461	210,449	243,759	- 11.9	- 13.7
Men's (except athletic)	58,118	64,718	72,273	- 10.2	- 10.4
Dress & casual shoes	33,838	37,691	43,273	- 10.2	- 12.9
Boots, dress & casual	8,932	9,579	10,238	- 6.7	- 6.4
Western style boots	4,864	6,259	7,297	- 22.3	- 14.2
Work oxfords	2,700	3,095	3,675	- 12.8	- 15.8
Steel toes	766	831	882	- 7.8	- 5.8
Work boots	12,497	14,185	14,896	- 11.9	- 4.8
Steel toes	3,499	3,765	4,606	- 7.1	- 18.2
Type not specified	151	168	191	- 10.1	- 12.0
Youths' & boys' (except athletic)	3,352	4,416	6,669	- 24.1	- 33.8
Boots	146	227	172	- 35.7	+ 32.0
Women's (except athletic)	82,532	94,912	113,282	- 13.0	- 16.2
Sandals	8,169	10,018	13,673	- 18.5	- 26.7
Dress & casual, except sandals	68,663	75,853	91,706	- 9.6	- 17.3
Uniform duty shoes		132	48		+175.0
Boots, ankle height or higher	5,700	8,909	7,855	- 36.0	+ 13.4
Western sytle boots	360	601	578	- 40.1	+ 4.0
Misses' (except athletic)	3,717	4,232	4,880	- 12.2	- 13.3
Boots	85	41	91	+107.3	- 54.9
Children's (except athletic)	5,651	7,729	9,414	- 26.9	- 17.9
Boots	584	761	629	- 23.3	+ 21.0
Infants' & babies' shoes	19,770	20,891	19,886	- 5.4	+ 5.1
Athletic shoes	9,350	10,819	12,760	- 13.6	- 15.2
By type:					
Court shoes	2,140	1,615	1,862	+ 32.5	- 13.3
Running or jogging shoes	3,845	5,363	4,733	- 28.3	+ 13.3
Cleated shoes except golf	9	81	9	- 88.9	+800.0
All other	3,356	3,760	6,156	- 10.7	- 38.9
By sex:					
Men's	4,089	5,434	5,796	- 24.7	- 6.2
Women's	2,617	2,991	3,496	- 12.5	- 14.4
Youth's, children's	2,644	2,394	3,468	+ 10.4	- 31.0
All other nonrubber footwear (ballet slippers, etc.)	2,971	2,732	4,595	+ 8.7	- 40.5

(continued)

PRODUCTION IN THE U.S.

By Type of Footwear (continued)

U.S. Production of Footwear By Type: 1984-1986
(Thousands of pairs)
(continued)

	1986(p)	1985(r)	1984	% Change 1986/85	% Change 1985/84
Slippers	55,927	54,649	59,415	+ 2.3	- 8.0
Men's, youths', boys'	5,796	7,808	9,269	- 25.8	- 15.8
Women's, misses'	46,284	42,098	44,589	+ 9.9	- 5.6
Children's, infants'	3,847	4,743	5,557	- 18.9	- 14.6
Rubber/plastics footwear (fabric upper), total (excl. protective)	57,947	54,868	62,825	+ 5.6	- 74.7
Espadrilles	(D)	(D)	1,263	--	--
Fabric upper cement process	(D)	(D)	5,389	--	--
All other fabric upper shoes	54,229	49,657	56,173	+ 9.2	- 11.6
Vulcanized	10,461	10,779	12,617	- 2.9	- 14.6
Other, incl. injection molded	43,768	38,878	43,556	+ 12.6	- 10.7

U.S. Production of Rubber & Plastic Protective Footwear: 1983-1985
(Thousands of pairs)

	1986(p)	1985(r)	1984	% Change 1986/85	% Change 1985/84
Protective footwear, total	12,160	16,453	17,518	+ 26.1%	- 6.1%
Rubber upper protective footwear	6,788	8,079	9,331	- 16.0	- 13.4
Boots	2,834	3,989	3,560	- 29.0	+ 12.0
Lumberman & pacs	1,048	929	D	- 12.8	--
Arctics & gaiters	1,455	1,551	2,379	- 6.2	- 34.8
Light & heavy rubbers	1,451	1,610	D	- 9.9	--
Plastic upper protective footwear	4,254	5,477	5,138	- 22.3	+ 6.6
Slush molded	1,515	2,303	2,811	- 34.2	- 18.1
Injection molded	2,739	3,174	2,329	- 13.7	+ 36.3
Fabric upper protective footwear, rubber/plastic sole	1,118	2,897	3,047	- 61.4	- 4.9

(p) preliminary
(r) revised
(D) Data withheld to avoid disclosure for individual companies

Source: U.S. Bureau of the Census:
Current Industrial Reports (MA31A).

PRODUCTION IN THE U.S.

Seasonal Pattern in Production

Percent of Year's Total Production of Nonrubber Footwear (Shoes & Slippers) by U.S. Manufacturers, by Months: 1986

	Nonrubber Footwear Total*	Men's Except Athletic	Women's Except Athletic	Juvenile	Athletic	Slippers
Total, thousands of pairs	241,388	58,118	82,532	32,490	9,350	55,927
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
January	9.3	8.9	10.6	9.2	7.0	8.4
February	8.9	8.8	8.8	9.7	7.3	9.1
March	8.8	8.5	8.3	9.6	7.7	9.8
April	8.8	9.1	7.7	8.4	8.5	10.3
May	8.6	8.2	8.4	7.4	6.9	10.3
June	7.6	7.8	6.7	6.4	6.4	9.6
July	7.6	6.6	9.5	7.6	8.9	5.9
August	8.6	9.1	8.8	8.9	10.4	7.6
September	8.2	8.5	7.9	8.1	9.2	8.2
October	8.9	9.3	8.3	9.3	9.9	8.8
November	7.6	7.8	7.4	7.9	8.8	7.4
December	6.9	7.4	7.6	7.5	8.9	4.6

* Includes other nonrubber footwear not separately reported.

Source: Based on U.S. Bureau of the Census: Current Industrial Reports (MA31A).

Leading States

In 1986, Missouri narrowly edged out Pennsylvania as the State reporting the largest production of nonrubber footwear, accounting for 11.7% of the total vs. 11.2% for Pennsylvania. This followed the 26.4% decline compared with 1985 in production in Pennsylvania -- the sharpest percentage dip reported for an individual state. Production in Missouri was off 12%. Maine, another industry center, reported a 20.4% decline in output.

The three leading producers, Missouri, Pennsylvania and Maine, as a group accounted for 31.5% of U.S. nonrubber footwear production last year, down from close to 36% in 1985. Only two states registered increases last year: Florida and Georgia.

PRODUCTION IN THE U.S.

Leading States (continued)

Production of Nonrubber Footwear in Leading States: 1984-1986
(Thousands of pairs)

	1986	1985(r)	1984	% Change 1986/85	% Change 1985/84
U.S. total*	241,338	265,098	303,174	- 8.9%	- 12.4%
Arkansas	10,062	12,247	11,915	- 13.4	+ 2.8
California	4,959	4,742	7,027	+ 4.6	- 32.5
Florida	9,946	12,504	12,577	- 20.5	- 0.6
Georgia	3,404	3,275	3,680	+ 3.9	- 11.0
Illinois	4,840	4,855	5,113	- 0.3	- 5.0
Maine	20,890	26,251	34,194	- 20.4	- 23.2
Massachusetts	14,073	15,863	18,472	- 11.3	- 14.1
Missouri	28,177	32,019	35,660	- 12.0	- 10.2
New Hampshire	7,475	8,708	11,502	- 14.2	- 24.3
New York	14,003	14,863	20,665	- 5.8	- 28.1
North Carolina	4,989	5,356	6,644	- 6.8	- 19.4
Ohio	8,649	10,110	nr	- 14.4	--
Pennsylvania	26,979	36,665	38,552	- 26.4	- 4.9
Tennessee	12,363	15,712	21,098	- 21.3	- 25.5
Texas	nr	17,854	15,961	--	+ 11.9
Wisconsin	6,126	7,007	7,430	- 12.6	- 5.7

* Includes states not separately listed.
(r) Revised nr not reported

Source: U.S. Bureau of the Census:
Current Industrial Reports (MA31A).

Materials

Within the nonrubber footwear industry overall production of types with leather uppers declined from 55.1% in 1985 to 53.8% in 1986, according to the Census Bureau. Consumption was up, however, with imports accounting for the rise. They represented 79% of total new supply of leather footwear in 1986 vs. 75.5% in 1985, according to the Census Bureau.

The nonrubber shoe classification as a whole showed a larger share of U.S. production with leather uppers (although total output was down), but there was a sharp drop in athletic shoes where leather uppers dropped from over 54% of U.S. output in 1985 to 46.1% in 1986. (This does not include athletic footwear with fabric uppers and plastic or rubber soles.)

Shoes for women in the nonrubber classification, produced in the U.S., showed a decline of 13% in 1986 compared with 1985. However, leather uppers accounted for an increased share of the total -- rising from 59.7% to 62.5%. This may be a reflection of the more favorable competitive position of domestic leather shoes in relation to imports originating in Europe which have become much more expensive due to the devaluation of the U.S. dollar.

PRODUCTION

Materials (continued)

Nonrubber Footwear Production in the U.S.
Total & Footwear with Leather Uppers: 1985, 1986
(Thousands of pairs)

	1986			1985		
		With Leather Uppers			With Leather Uppers	
	Total	Pairs	% of Total	Total	Pairs	% of Total
Nonrubber shoes & slippers, total	241,388	129,872	53.8	265,098	146,115	55.1
Shoes*	185,461	126,579	68.2	210,449	142,666	67.8
Men's (except athletic)	58,118	53,226	91.6	64,718	60,016	92.7
Women's (except athletic)	82,532	51,626	62.5	94,912	56,640	59.7
Athletic	9,350	4,307	46.1	10,819	5,854	54.1
Slippers	55,927	3,293	5.9	54,649	3,449	6.3

* Includes shoe types not separately listed

Source: Based on U.S. Census Bureau reports.

Of total shipments of shoes by U.S. manufacturers in 1986, 24% had rubber or plastic soles with fabric uppers. The comparable share of the total in 1985 was 21%.

The total new supply of footwear in the U.S., including U.S. production less exports plus imports for consumption last year, showed leather footwear accounting for 44.9% of new supply compared with 46.2% in 1985, 39% in 1982.

Total New Supply (Apparent Consumption) of Footwear
By Major Material Type: 1986
(Thousands of pairs)

	Pairs	Percent
Total footwear	1,347,655	100.0%
Nonrubber shoes & slippers	1,169,290	86.8
Leather footwear	605,772	44.9
All other footwear	563,518	41.8
Footwear with rubber/plastic soles/ fabric uppers	156,029	11.6
Rubber and plastic protective footwear	22,336	1.7

Source: Based on U.S. Census Bureau reports.

In an analysis of the industry by the International Trade Administration, it was pointed out that heavier weight oiled or waxy leathers for moccasins and boat shoes were much in demand in 1986. Consumption of sole leather was reported to be up about 4%.

PRODUCT SHIPMENTS

In contrast with the value of "Industry Shipments", which have been covered in the section on GENERAL INDUSTRY STATISTICS, and defined on page 5, product shipments cover the value of specific products made by all manufacturing establishments with payroll, including those classified in the footwear industry (which are primary producers) and those classified in other industries (secondary producers).

The complete census of manufactures compiled every five years by the U.S. Bureau of the Census includes information on product shipments by all U.S. manufacturing establishments with payroll. The most recent census data is for the year 1982. Comparable figures for intercensal periods are compiled by the Census Bureau through annual surveys (ASM) among a sample of manufacturers in the U.S.. Based on both reports, the U.S. International Trade Administration compiles industry estimates and projections, published in the annual U.S. Industrial Outlook, in terms of both current and constant dollars.

Recent Performance & Forecast on Footwear Shipments
By All U.S. Producers & Trade Data

NONRUBBER FOOTWEAR	Compound Annual Rate of Change 1972 1984	Compound Annual Rate of Change 1979- 1984	Annual Percent Change 1985/ 1984	Annual Percent Change 1985/ 1986*	Annual Percent Change 1987/ 1986**
Value of product shipments (current dollars):					
Total	+ 3.1%	+ 1.4%	- 6.7%	-11.4%	--
House slippers	+ 2.9	- 2.7	- 0.9	- 1.1	--
Men's footwear	+ 4.6	+ 2.9	- 3.8	- 6.0	--
Women's footwear	+ 1.7	+ 0.5	- 6.2	-21.7	--
Footwear, nec***	+ 2.9	+ 1.0	-19.0	- 5.1	--
(constant 1982$):					
Total	- 3.0	- 1.8	- 5.9	-11.8	- 4.8
House slippers	- 2.8	- 5.5	- 2.8	- 7.3	- 1.9
Men's footwear	- 2.6	- 0.2	- 3.5	- 6.9	- 4.0
Women's footwear	- 3.8	- 3.0	- 5.6	-20.6	- 6.0
Footwear, nec***	- 2.3	- 1.8	-16.6	- 6.0	- 5.9
Quantity shipped					
Total	- 4.9	- 5.3	- 8.1	-13.5	- 5.3
House slippers	- 4.8	- 5.8	- 0.7	- 8.4	- 4.0
Men's footwear	- 4.6	- 4.8	- 4.9	- 8.5	- 4.3
Women's footwear	- 4.9	- 4.3	- 7.5	-21.7	- 6.7
Footwear, nec***	- 5.4	- 7.1	-20.0	- 7.1	- 6.0
Trade Data					
Value of imports	+17.8	+14.9	+16.7	+16.2	--
Import/new supply ratio**	+ 9.4	+ 7.4	--	--	--
Quantity of imports	+ 7.7	+12.4	+16.1	+12.9	--
Value of exports	+21.3	+ 6.9	+ 1.5	+19.1	--
Export/shipment ratio	+17.6	+ 5.4	+ 8.7	+34.4	--
Quantity of exports	+11.9	- 0.9	+27.0	+23.9	--

PRODUCT SHIPMENTS

Recent Performance & Forecast on Footwear Shipments
By All U.S. Producers & Trade Data
(continued)

RUBBER/PLASTICS FOOTWEAR	Compound Annual Rate of Growth 1972-1984	Compound Annual Rate of Growth 1979-1984	Annual Percent Change 1985/1984	Annual Percent Change 1985/1986*	Annual Percent Change 1987/1986**
Value of product shipments					
Current $	+ 1.1	+ 3.2	- 0.6	-13.8	--
Constant 1982$	- 3.3	+ 1.1	- 3.3	-11.3	- 5.7
Trade Data					
Value of imports	+ 2.9	- 2.5	-26.9	+ 13.3	--
Import/new supply ratio	+ 1.1	- 3.2	-18.0	+ 19.5	--
Value of exports	+20.3	+ 0.5	-14.7	+ 45.5	--
Export/shipment ratio	+19.1	- 2.7	-14.2	+ 68.8	--

* estimated
** forecast
***nec not elsewhere classified. Includes juvenile footwear, athletic footwear, moccasins, orthopedic shoes, novelty footwear, wooden shoes, etc.

Source: U.S. Department of Commerce, International Trade Administration: 1987 U.S. Industrial Outlook.

The ASM report for 1985 showed a sharper decline in the current dollar value of footwear shipments in 1985 than noted in the foregoing ITA estimates.

Value of Footwear Shipments By U.S. Producers: 1982, 1984, 1985
(Millions of dollars)

	1985	1984	1982	% Change 1985/1982
Footwear, total	$4,680.6	$5,136.5	$5,615.0	- 16.6%
Nonrubber footwear	4,133.2	4,575.9	4,952.4	- 16.5
House slippers	215.1	225.2	265.3	- 18.9
Men's, except athletic	1,878.7	2,021.5	1,971.2	- 4.7
Work shoes, boots	532.4	540.7	565.5	- 5.8
Dress & casual boots	433.4	446.1	446.1	- 2.8
Dress & casual shoes	896.9	1,003.8	940.0	- 4.6
Type not specified	16.1	31.0	19.6	- 17.9

(continued)

PRODUCT SHIPMENTS

Value of Footwear Shipments By U.S. Producers, 1982, 1984, 1985
(Millions of dollars)
(continued)

	1985	1984	1982	% Change 1985/1982
Nonrubber footwear				
Women's, except athletic	1,522.1	1,660.1	1,994.1	- 23.7
Boots	153.0	187.3	219.2	- 30.2
Sandals	134.5	149.9	225.9	- 40.5
Dress shoes	557.9	586.4	649.0	- 14.0
Other shoes	648.3	698.1	860.8	- 24.7
Type not specified	28.3	38.4	39.2	- 27.8
Youths' & boys'	36.9	58.2	89.2	- 58.6
Infants' & babies'	100.8	126.8	121.1	- 16.8
Children's shoes	93.6	124.8	137.3	- 31.8
Misses' shoes	49.3	58.5	77.3	- 36.2
Athletic & other footwear, nec	189.3	224.9	257.2	- 26.4
Type not specified	47.4	75.9	39.7	+ 19.4
Rubber/plastics footwear:	547.4	560.6	662.6	- 17.4
Protective footwear	155.2	152.7	121.8	+ 27.4
Shoes with rubber or plastic soles, fabric uppers	382.1	397.7	536.1	- 28.7
Type not specified	10.1	10.2	4.7	+114.9

Note: Covers value at the plant. Shipping charges are not included.

Source: U.S. Bureau of the Census: 1982 Census of Manufactures; 1984, 1985 Annual Survey of Manufactures.

Another source of information on value of manufactuers' shipments of footwear is the Current Industry Reports, issued by the U.S. Bureau of the Census, which have been drawn upon in the section on PRODUCTION. As noted these are monthly and annual reports based on surveys among all known producers and they contain data on pairs as well as value.

In the first seven months of 1987, U.S. manufacturers shipped 125.3 million pairs of nonrubber footwear, valued at $2.9 billion at the plant level. These figures represented a decline of 5.1% in quantity and of 6.0% in value compared with the same period of 1986.

Shipments of Footwear: January-July 1987
By U.S. Manufacturers
(in thousands)

	Pairs	Value	% Change: Jan-July 1987/1986 Pairs	Value
Total, all types of footwear	178,017	$2,363,433	- 0.24%	+ 8.5%
Nonrubber footwear	125,327	2,038,238	- 5.1	+ 6.0
Footwear with rubber/plastic soles/fabric uppers	44,160	230,716	+16.1	+21.8
Rubber and plastic protective footwear	8,530	94,479	+ 3.1	+42.3

Source: U.S. Bureau of the Census: Current Industrial Reports.

PRODUCT SHIPMENTS

The value of U.S. manufacturers' shipments of footwear of all types in 1986, registered a decline of 10% compared with 1985, while the quantity shipped was up slightly (+1.7%). Shipments of nonrubber footwear as a whole declined 9.8% in quantity, 9.2% in value, with most types registering declines, particularly women's footwear.

Quantity & Value of Shipments of Footwear By All Producers: 1985, 1986
By Type of Footwear

	Pairs (thous.)		Value (mil. $)		% Change 1986/85	
	1986	1985(r)	1986	1985(r)	Pairs	Value
Footwear, total	313,860	313,807	$4,014.0	$4,461.8	+ 1.7%	-10.0%
Nonrubber footwear	243,926	270,435	3,574.3	3,936.1	- 9.8	- 9.2
Shoes	185,686	215,419	3,398.4	3,726.4	-13.8	- 8.8
Men's (except athletic)	59,080	64,830	1,727.2	1,828.1	- 8.9	- 5.5
Dress & casual	34,892	38,729	833.9	910.2	- 9.9	- 8.4
Boots, dress & casual, including western	8,445	8,949	380.4	410.9	- 5.6	- 7.4
Workshoes & boots	15,743	17,152	512.9	507.1	- 8.2	+ 1.2
Youths' & boys' (exc. athletic)	2,893	4,257	32.7	44.6	-32.0	-26.6
Women's (except athletic)	82,378	97,080	1,306.1	1,443.5	-15.1	- 9.5
Sandals	8,248	10,522	103.9	123.7	-21.6	-15.9
Dress & casual, except sandals	68,053	77,472	1,054.3	1,138.2	-12.2	- 7.4
Boots (ankle height or higher)	6,077	9,806	147.9	181.6	-33.1	-18.6
Misses' shoes & boots (except athletic)	3,530	4,231	40.1	48.3	-16.6	-16.9
Children's shoes & boots (except athletic)	5,389	8,330	56.2	71.9	-35.3	-21.9
Infants' & babies' shoes	19,886	23,569	86.6	110.6	-15.6	-21.7
Athletic footwear	9,479	10,804	123.9	162.8	-12.3	-23.9
All other	3,051	2,318	25.6	16.5	+31.6	+55.2
Slippers	58,240	55,016	175.8	209.8	+ 5.9	-16.2
Men's, youths', boys'	6,053	7,963	36.2	39.6	-24.0	- 8.6
Women's & misses'	47,261	42,251	130.6	158.8	+11.9	-17.7
Children's, infants'	4,296	4,802	9.0	11.3	+ 2.6	-20.4
Rubber/plastic footwear						
Rubber/plastic soles/fabric upper shoes, total	58,108	56,216	325.8	368.9	+ 3.4	-11.7
Protective footwear	11,826	17,156	114.0	156.8	-31.1	-27.3
Rubber upper	6,502	8,645	75.5	94.9	-24.8	-20.5
Boots	2,457	4,410	31.6	46.5	-44.3	-32.1
Lumberman & pacs	1,013	988	19.1	19.7	+ 2.5	- 2.8
Arctics & gaiters	1,512	1,669	13.8	18.1	- 9.4	-23.7
Rubbers, light & heavy	1,520	1,578	10.8	10.5	- 3.7	+ 3.0
Plastic upper	4,118	5,503	25.6	30.6	-25.2	-16.4
Slush molded	1,303	2,343	9.8	14.8	-44.4	-33.6
Injection molded	2,815	3,160	15.8	15.8	-10.9	- 0.4
Fabric upper	1,206	3,008	12.9	31.3	-59.9	-58.7

(r) revised
Note: percentages are calculated on unrounded totals.

Source: U.S. Bureau of the Census,
Current Industrial Reports (MA31A).

PRODUCER (FACTORY) PRICES

The average value per pair of nonrubber footwear at the factory level in the U.S. was $14.65; slightly higher than the $14.55 averaged in 1985, and lower than the 1984 average of $14.69.

The average value per pair of new supply in 1986, including domestic and imports was $8.96; for imports, alone, the value averaged $7.46 per pair of nonrubber footwear. In 1982, value per pair in nonrubber footwear's new supply averaged $9.95 per pair; for imports, alone, the average was $6.64. In the first half of 1987 the average value of domestic footwear was $16.14; of imports, $6.43.

Prices of cattle hides and of finished leather have risen sharply in recent months. This is reflected in higher prices for footwear (along with increased prices for imports from countries affected by the devaluation of the dollar -- particularly footwear from Italy, France and England).

Producer (U.S. Factory) Price Indexes: Selected Years, 1976-1986, Percent Change August 1987/August 1986
(1967 = 100)

Annual Average	Cattle-Hides	All Leathers	Nonrubber Footwear				Rubber/Plastic Footwear
			Total	Men's	Women's	Children's	
1976	273.8	188.1	158.9	174.5	148.8	149.4	162.1
1978	390.1	238.6	183.0	207.5	167.4	160.6	189.6
1980	366.8	310.6	233.1	261.5	216.8	192.9	211.9
1982	350.7	311.4	245.0	283.8	220.2	206.1	225.4
1984	504.4	372.3	251.7	290.6	226.0	214.3	227.4
1985	442.1	353.1	256.7	296.6	230.8	217.6	227.0
1986	517.8	382.6	261.8	306.5	233.3	219.6	245.4
1986 Av./1985	+17.1%	+ 8.3%	+ 2.0%	+ 3.3%	+ 1.1%	+ 0.9%	+ 8.1%
Mo. of August 1987/1986	+27.0%	+11.4%	+ 3.3%	+ 4.5%	+ 2.4%	+ 3.6%	nr

nr not reported

Source: U.S. Department of Labor, Bureau of Labor Statistics.

In the month of August 1987, U.S. factory prices for nonrubber footwear were 4.5% higher than in the same period a year ago, with the sharpest rise (+4.5%) noted for men's footwear according to a preliminay report. Detailed figures are reported for June in the table.

For the year 1986, the producer price index on all nonrubber footwear was up 6.8% compared with the 1982 average. Men's styles were up almost 8.0%; women's 5.9%. Rubber/plastic footwear prices last year averaged almost 9% above 1982.

PRODUCER (FACTORY) PRICES

Producer (Factory) Prices For Specific Types of Footwear:
June 1987 & Annual Averages 1985, 1986

	Index Base Period	Month of June 1987	Annual Average 1986	1985	% Change June 1987/ June 1986
Footwear, nonrubber	1967	263.4	261.8	256.7	+ 1.0%
Men's footwear	1967	313.9	306.5	296.6	+ 2.4
Men's leather upper footwear	1967	318.4	308.6	298.8	+ 3.3
Dress & casual shoes	12/80	115.3	112.8	109.7	+ 2.4
Boots	12/80	120.6	117.0	115.3	+ 3.2
Work shoes/boots	12/80	129.4	123.8	118.4	+ 1.3
Slippers (except slipper socks)	6/85	115.9	104.9	na	+ 9.3
Men's non-leather upper footwear	12/80	na	106.7	102.5	na
Women's footwear	1967	229.4	233.3	230.8	- 0.7
Women's leather upper footwear	1967	230.0	225.0	223.5	+ 2.6
Dress shoes	12/80	112.5	113.7	112.1	- 1.8
Casual shoes	12/80	111.7	107.5	105.9	+ 3.7
Slippers (except slipper socks)	6/85	115.3	106.0	na	+ 8.3
Sandals	12/80	80.1	76.1	na	+ 8.8
Boots	12/80	106.0	na	na	na
Women's plastic upper footwear	12/80	93.0	104.4	126.2	- 8.0
Dress shoes	12/80	106.1	106.5	104.0	- 1.9
Casual shoes	12/80	81.9	109.0	107.9	-21.2
Other nonleather upper	12/80	124.9	121.7	116.8	+ 1.5
Casual shoes	12/80	106.3	na	na	na
Slippers (except slipper socks)	6/85	113.2	108.5	na	+ 2.7
Children's footwear (sizes 8 1/2-12)	1967	228.0	219.6	217.6	+ 3.8
Leather upper footwear	6/80	125.0	121.7	119.9	+ 2.7
Misses' footwear (sizes 12 1/2-2 1/2)	6/80	105.6	104.1	103.8	+ 1.4
Youths', boys' footwear (sizes 12 1/2-6)	6/80	122.2	120.0	120.0	+ 1.8
Infants', babies' footwear (sizes 1-8)	6/80	118.3	116.9	116.5	+ 1.2
Athletic footwear	6/80	110.8	107.7	na	+ 2.9
Footwear designed for sports	6/80	126.?	na	118.8	na
Footwear rubber/plastics	1967	252.6	245.4	227.0	+ 1.3
Protective footwear	12/80	123.3	123.7	120.9	- 1.0
Fabric upper:	12/86	101.9	na	na	--
Men's	12/80	na	107.5	96.1	--
Women's, misses'	12/80	na	140.6	122.1	--

na not available

Source: U.S. Department of Labor,
Bureau of Labor Statistics.

PRODUCER (FACTORY) PRICES

Import Prices

The BLS compiles quarterly indexes on prices of imported footwear, including cost, insurance, freight (c.i.f.).. Due in large part to the decline in the value of the U.S. dollar, particularly affecting European suppliers of footwear, and more recently suppliers in Asia, the price level of imported nonrubber and rubber/plastics footwear as of June 1987 averaged 7.8% above the level a year earlier, and 3.0% over the March 1987 index.

Footwear Import Price Indexes, June 1986-June 1987

Index (June 1977 = 100)		Percent Change		
June 1987	March 1987	June 1987/ June 1986	March 1987/ Dec. 1986	June 1987/ March 1987
153.3	148.9	+ 7.8%	+ 1.4%	+ 3.0%

Source: U.S. Department of Labor, Bureau of Labor Statistics.

MARKET SUPPLY/FOREIGN TRADE

The U.S. Census Bureau compiles monthly and annual figures on total new supply of footwear in the domestic market -- including U.S. production less exports plus imports. The resulting total is designated "apparent consumption" in official reports.

The level of new supply in 1986 of all types of footwear stood at 1,347.7 million pairs, a gain of 78% over the 1,045.0 million pairs reported for the year 1982. Of the 1986 total, U.S. production accounted for 23.1%; imports, 77.9%. In 1982, U.S. production represented 44.6% of supply; imports, 56.4%.

New supply of nonrubber footwear amounted to 1,169.3 million pairs last year, up 40.9% over the 1982 total of 829.8 million. Imports accounted for 80% last year vs. 58% in 1982.

The new supply of rubber/plastic sole, fabric upper footwear and of protective footwear fell below the 1982 level last year -- the former down 18%, the latter off 9.3%.

Summary of New Supply (Apparent Consumption) of Footwear: 1982, 1986
(Quantity in thousands of pairs; value in millions of dollars)

QUANTITY	Domestic Production	Exports	Imports	Supply
Total footwear				
1986	311,495	14,019	1,050,179	1,347,655
1982	465,923	10,616	589,676	1,044,983
Nonrubber shoes & slippers				
1986	241,388	12,452	940,354	1,169,290
1982	359,107	8,863	479,541	829,785

(continued)

Summary of New Supply (Apparent Consumption) of Footwear: 1982, 1986
(Quantity in thousands of pairs; value in millions of dollars)
(continued)

QUANTITY	Domestic Production	Exports	Imports	Supply
Nonrubber shoes & slippers				
Leather footwear				
1986	129,872	2,539	478,429	605,772
1982	196,272	3,557	214,445	407,160
Other nonrubber footwear				
1986	111,516	9,913	461,915	563,518
1982	162,835	5,306	265,096	422,525
Rubber/plastic footwear:				
Rubber/plastic soled/ fabric uppers				
1986	57,947	1,038	99,120	156,029
1982	92,896	1,367	99,032	190,561
Protective footwear				
1986	12,160	529	10,705	22,336
1982	13,920	386	11,103	24,637

VALUE	Shipments (f.o.b. plant)	Exports (value at port)	Imports (Value*)	Supply
Total footwear				
1986	$ 4,014.1	$ 131.9	$ 7,403.9	$ 11,286.1
1982	5,164.0	119.5	4,056.0	9,401.1
Nonrubber shoes & slippers				
1986	3,574.3	118.2	7,018.6	10,474.7
1982	4,802.3	101.3	3,555.3	8,256.3
Rubber/plastic footwear:				
Rubber/plastic soled/ fabric uppers				
1986	325.8	11.1	310.1	624.7
1982	540.7	14.2	419.2	945.7
Protective footwear				
1986	114.0	2.6	75.3	186.7
1982	121.0	4.9	82.1	199.1

* The value represents the c.i.f. (cost, insurance and freight value at first port of entry in the U.S.) plus U.S. import duties. Covers footwear imported for consumption in the U.S. Item 807 imports are included in U.S. production and shipments, and in imports.

Source: U.S. Bureau of the Census, Current Industrial Reports.

MARKET SUPPLY/FOREIGN TRADE

The F.I.A. has compiled the following summary on Market Supply in the first half of 1987 compared with the same period in 1986, based on revised Census Bureau figures issued in September 1987.

Market Supply: January-June, 1987/1986

	Jan.- June 1987 Total	% Change From 1986 Level
Nonrubber footwear		
Domestic production (mil. pairs)	114.3	- 9.2%
Exports (thous. pairs) *	5.0	+ 28.3
Imports (mil. pairs)	506.0	+ 3.0
Market supply (mil. pairs)	615.3	+ 0.3
Import penetration (%)	82.2	+ 2.1 points
Rubber/fabric footwear		
Domestic production (mil. pairs)	34.2	+ 14.5
Exports (thous. pairs) *	0.5	- 28.5
Imports (mil. pairs)	66.0	+ 15.1
Market supply (mil. pairs)	99.7	+ 15.2
Import penetration (%)	66.2	- 0.1 points
Total nonrubber & rubber/fabric footwear		
Domestic production (mil. pairs)	146.6	- 4.6
Exports (thous. pairs) *	5.5	+ 19.8
Imports (mil. pairs)	572.0	+ 4.2
Market supply (mil. pairs)	715.0	+ 2.1
Import penetration (%)	80.0	+ 1.6 points
Nonrubber footwear average value:		
Domestic production ($ per pair)	16.14	+ 12.1
Imports ($ per pair)	6.43	+ 7.3

* Not including non-leather slippers shipped to Mexico only for assembly.

Source: Footwear Industries of America (F.I.A.): Statistical Reports.

Per capita supply of nonrubber footwear in the U.S. increased to 4.86 pairs in 1986 from 3.61 pairs in 1976, according to the F.I.A. Fashion importance, and fast-changes in fashion, lead to the highest per capita supply centered in women's/misses' styles.

Nonrubber Footwear Supply Per Capita By Product Class: 1976-1986
(Based on age rather than size)

	1986	1983	1980	1976
Men's/boys' (age 10 and over)	2.05	2.22	1.80	2.43
Women's, girls' (age 10 and over)	5.43	4.36	3.71	4.09
Children, infants' (age 9 and under)	2.46	2.32	1.83	2.17
Athletic	0.99	0.45	0.30	0.21
Slippers & other	0.30	0.30	0.35	0.32
Total*	4.86	3.90	3.25	3.61

* Exports are excluded from total only.

Source: F.I.A. based on U.S. Census Bureau data.

MARKET SUPPLY/FOREIGN TRADE

Under the provisions of Item 807 in the U.S. Tariff schedules, footwear can be cut in the U.S., then sent outside to Caribbean Basin countries to be assembled, then returned to the U.S. -- with duty paid only on the value added abroad. To an increasing extent, this is being drawn upon by the domestic apparel and footwear industries in the race to compete with imports.

In 1986, pairs of nonrubber footwear imported under 807 increased 33.7%; 807 imports of rubber/fabric footwear gained 25%.

Imports of Footwear Under Category 807: 1985, 1986
(thousands of pairs)

	1986	1985	% Change 1986/85
Total	31,922	25,299	+ 26.2%
Nonrubber footwear, total	6,678	4,994	+ 33.7
Leather	5,034	3,970	+ 26.8
Other	1,644	1,024	+ 60.5
Rubber/fabric	25,068	20,060	+ 25.0
Plastic protective	176	245	- 28.2

Source: U.S. Bureau of the Census.

The International Trade Commission has developed a summary of information on trends in footwear imports and exports in relation to U.S. new supply. The ratio (percent) of imports to the total supply of nonrubber footwear rose to 80% in 1986 from 49% in 1980, according to this source. In the first quarter of 1987, imports accounted for 84%, but this dropped to 82% in the second quarter. While the gain in imports for the first half of 1987 as a whole (+ 3% in quantity) was slower than in the first half of 1986, due to devaluation of the dollar and import quota restrictions, domestic output slowed down even more (-9.2%). Excluding nonleather footwear shipped to Mexico only for assembly, the F.I.A. reported the rates of imports to new supply of nonrubber footwear at 82.2% in the first half of 1987.

The share of the U.S. market accounted for by imported footwear is highest in athletic footwear -- reaching over 96% in 1986, up from 77.5% in 1976 -- compared with the overall share of imports amounting to 80% of the nonrubber footwear category last year.

With its high level of market saturation, delivery is a critical aspect of the footwear market, particularly in athletic footwear. Rising prices are, of course, another concern. Problems in both of these areas have manufacturers and retailers looking for new sourcing locations.

MARKET SUPPLY/FOREIGN TRADE

Exports of nonrubber footwear stood at 13.0 million pairs in 1980, and dropped to 7.4 million in 1983. The total in 1986 was reported at 12.4 million pairs, up from 11.3 million in 1985; and in the first half of this year exports were up 15% in quantity, totaling 6.7 million pairs compared with 5.8 million in the same 1986 period.

Imports of fabric-upper footwear with rubber or plastic soles represented 56% of supply in 1980, and totaled 120.8 million pairs. In 1986, 99 million pairs were imported, 64% of domestic supply. Imports' share in the second quarter of 1987 was 62%.

Imports represented 44% of the protective footwear supply last year, up from 36% in 1980. Their share in the second quarter this year was 39%.

Summary of Foreign Trade Trends in Footwear
(Based on Quantity)

		Percent Change From Year-Earlier Period			
	% of Imports to New Supply	Domestic Production	Imports	Exports	Supply
Nonrubber footwear					
Year: 1980	49	- 3	- 10	+ 40	- 7
1982	58	- 3	+ 28	- 21	+ 13
1984	71	-11	+ 25	+ 19	+ 12
1985	77	-13	+ 16	+ 28	+ 7
1986 (p) (year)	80	- 9	+ 12	+ 10	+ 7
1st quarter	82	- 4	+ 25	- 4	+ 18
2nd quarter	80	-16	+ 3	+ 46	- 2
1987(p)					
1st quarter	84	-14(r)	- 4	+ 52	- 6
2nd quarter	82	- 3(r)	+ 12	- 9	+ 9
Rubber/plastic soles, fabric upper footwear					
Year: 1980	56	- 3	- 10	+ 41	- 1
1982	52	- 3	- 29	0	- 18
1984	64	-20	+ 5	- 8	- 6
1985	61	-12	- 21	- 27	- 18
1986 (p) (year)	64	0	+ 17	+ 25	+ 10
1st quarter	67	- 9	+ 19	+ 85	+ 8
2nd quarter	65	- 7	+ 11	+129	+ 3
1987(p)					
1st quarter	67	+11	+ 12	+ 50	+ 12
2nd quarter	62	+32	+ 19	- 50	+ 24

(p) preliminary
(r) revised

Source: U.S. International Trade Commission: Quarterly Statistical Report (September 1987).

MARKET SUPPLY/FOREIGN TRADE

Imports

Quantity & Average Value of Imports By Type of Footwear: 1984-1986

	Millions of Pairs*			% Change	Average Customs Value Per Pair		
	1986	1985(r)	1984	1986/85	1986	1985	1984
Nonrubber footwear, total	940.8	842.7	725.9	+ 11.6%	$ 6.54	$ 6.44	$ 6.41
Men's	116.3	108.8	109.5	+ 6.9	7.98	8.05	7.75
Youth's & boys'	16.0	14.5	11.3	+ 10.6	5.31	4.75	5.21
Women's	459.8	430.7	384.2	+ 6.8	6.19	6.33	6.37
Misses'	32.0	22.9	19.3	+ 39.4	4.13	3.05	3.36
Children's	36.3	35.5	34.5	+ 2.2	3.04	2.92	3.23
Infants'	25.6	25.8	20.8	- 0.9	1.86	1.93	2.02
Athletic	230.8	175.0	121.6	+ 31.9	7.95	7.84	7.62
Work shoes	10.5	10.2	9.1	+ 2.8	12.04	11.85	12.26
Other nonrubber shoes, slippers	13.6	19.2	15.6	- 29.4	2.85	2.10	2.61
Rubber/plastic sole/ fabric uppers	103.3	90.3	115.6	+ 14.0	2.30	2.47	2.73

Source: Based on Footwear Industries of America (F.I.A.) and U.S. Bureau of the Census reports.

The major foreign suppliers of footwear to the U.S. market, Taiwan and Korea, sharply increased their exports to the U.S. in 1986. Imports from Taiwan gained 17.3% in quantity and 20.4% in value; from Korea, imports were up 33% in quantity; almost 40% in value. Imports from Brazil, the third largest supplier, have been leveling off, gaining less than 1% in quantity and declining 6.3% in value in 1986 compared with 1987. This trend is continuing as Brazil concentrates its efforts on exporting to the European market whose buyers can pay for the dollar-priced shoes with European currencies, resulting in a gain for Brazilian exporters due to the increased value of these currencies over the U.S. dollar. Hong Kong has been under increasing competitive pressure from countries such as Taiwan and South Korea which have large-scale production facilities and cheaper labor. Hong Kong is also faced with growing labor shortages.

Devaluation of the dollar has been a factor in the decline in imports from Italy and Spain as sharply rising prices has forced buyers to source elsewhere. Imports from France were down 25.7%, to 5.0 million pairs in 1986 vs. 6.7 million in 1985.

FOREIGN TRADE

Imports (continued)

Leading Sources of Imports of Nonrubber Footwear: 1986
(Quantity in thousands, value in millions of $)

	Quantity	Customs Value	% Change 1986/1985 Quantity	Value
Total	940,800	$6,155.0	+ 11.6	+ 13.8
Taiwan	436,931	2,026.9	+ 17.3	+ 20.4
Republic of Korea (So. Korea)	182,380	1,382.6	+ 33.0	+ 39.6
Brazil	113,393	811.5	+ 0.2	- 6.3
Italy	64,943	900.4	- 13.1	+ 3.6
Spain	34,154	408.9	- 14.2	- 1.8
China	26,813	45.5	+ 28.9	+ 31.4
Hong Kong	30,662	102.3	- 11.4	+ 17.3
Other countries	51,524	476.9	--	--

Source: U.S. International Trade Commission (Sept. 1987).

Footwear production is spreading to countries within the Far East and in South America, and shifts are underway in U.S. sources of imports. Self-restraints on footwear exports have been initiated by Taiwan and South Korea in an effort to force factories to change their focus toward more value-added production, and to shift low-end sandals, slippers and sports shoes to lower-cost nations like China and Thailand, whose currencies have remained steady. Even with restraints, Taiwan is seeing a problem developing in the steady appreciation of the Taiwan dollar (NT) which as of June had registered a 25% rise against the U.S. dollar in 18 months.

As of September 1987 it was reported that a major Chinese manufacturer of footwear (the Leather Shoe Factory) would expand its exports to the U.S., including athletic shoes and children's footwear.

In the first six months of 1987, the quantity of imports of nonrubber footwear was up 3% compared with the total in the same 1985 period, according to the U.S. International Trade Commission. Among the major suppliers to the U.S. market, the biggest gain was chalked up by China (+80%). Shipments from Taiwan were up 8.5%; from Korea, up 7.7%. Falling behind their year-ago totals were Brazil, -7.8%; Italy, - 30%; Spain - 23.4%; Hong Kong - 11.9%.

Taiwan, the chief source of U.S. footwear imports, has announced plans to sharply restructure their industry to reduce costs and upgrade quality, with the support of the government; and investments by Taiwan shoe manufacturers in U.S. retail operations have been proposed. In general, Taiwan sees the U.S. market remaining its biggest footwear customer and growth in terms of dollars if not in quantity as Taiwan concentrates production on higher priced footwear.

Imports (continued)

While shipments from South Korea were up in the first half, labor unrest in that country have aggravated delivery problems, and some U.S. importers, including Reebok have indicated plans to source less from that country and distribute more orders to Taiwan, Indonesia, Thailand and the Philippines.

A side effect of the devaluation of the U.S. dollar has been to make some foreign markets better customers than the U.S. for countries such as Brazil, which trade in U.S. dollars, and which can convert foreign currencies to their advantage.

Exports

The weaker U.S. dollar has encouraged export growth as U.S. producers find it easier to compete in high-cost developed-country markets. However, a large part of the growth includes exports of partially assembled footwear, particularly slippers, to developing countries where they are finished and re-exported to the U.S. The provisions of Item 807 of the Tariff Code have encouraged this practice.

Total exports of footwear of all types reached over 14 million pairs in 1986, 12% over the 1985 total. Exports of nonrubber footwear (12.4 million pairs) gained 10% over the 1985 total and 39% higher than in 1984. Mexico was the largest recipient of exports -- mostly in the form of partially assembled slippers.

Footwear Industries of America has compiled information on U.S. exports of footwear not including the non-leather slippers shipped to Mexico for assembly. On this basis, exports in 1986 totaled 8,965 thousand pairs, 8.8% over the total of 8,236 thousand exported in 1985. Value at port, totaling $116.8 million in 1986, was up almost 21%.

Our biggest customer for finished nonrubber footwear is Japan, which accounted for 26.5% of the adjusted F.I.A. total in 1986. Japan has quota restrictions in place and duty on footwear imported in excess of quota amounts. Nonrubber footwear exports to Japan last year were 13.2% below the 1985 total in quantity, but according to the Census Bureau, in the first six months of 1987 exports were up almost 23%, although below (-17%) the total in the first six months of 1985.

Italy was the U.S.'s second biggest customer for nonrubber footwear last year, accouinting for 13.3% of the total and pairage was up 23%. In the first half of 1987 exports to Italy gained almost 59% compared with the total in the same 1986 period. Canada ranked next, and exports to that source were up sharply in the first half of 1987 (+72%). They are expected to continue to grow as import restrictions have been lifted.

RETAIL TRADE

Size of the Consumer Market

Population Projections: 1988, 1995, 2005
(Middle Series*)

	Number (Thousands)			% Change	Percent Distribution		
	1988	1995	2005	1995/1988	1988	1995	2005
MALE							
Total, all ages	119,390	126,368	134,297	+ 5.8%	100.0%	100.0%	100.0%
Under 5 years	9,740	9,529	8,931	- 2.1	8.1	7.5	6.6
5 to 9 years	9,197	9,895	9,094	+ 7.6	7.7	7.8	6.8
10 to 15 years	9,940	11,465	11,698	+ 15.3	8.3	9.1	8.7
16 years & over	90,513	95,482	104,574	+ 5.5	75.8	75.6	77.9
16 - 19	7,474	6,804	8,058	- 9.0	6.3	5.4	6.0
20 - 34	31,625	29,166	27,416	- 7.8	26.5	23.1	20.4
35 - 54	29,134	36,206	40,769	+ 24.3	24.4	28.6	30.4
55 - 64	10,079	9,865	14,060	- 2.1	8.4	7.8	10.5
65 & over	12,201	13,441	14,271	+ 10.1	10.2	10.6	10.6
Median age (years)	31.1	33.4	36.0	+ 7.4	--	--	--
FEMALE							
Total, all ages	125,911	133,191	141,381	+ 5.7%	100.0%	100.0%	100.0%
Under 5 years	9,289	9,086	8,518	- 2.2	7.4	6.8	6.0
5 to 9 years	8,786	9,443	8,678	+ 7.5	7.0	7.1	6.1
10 to 15 years	9,500	10,954	11,167	+ 15.3	7.5	8.2	7.9
16 years & over	98,337	103,710	113,018	+ 5.5	78.1	77.9	80.0
16 - 19	7,161	6,517	7,707	- 9.0	5.8	4.9	5.5
20 - 34	31,141	28,497	26,706	- 8.5	24.7	21.4	18.9
35 - 54	30,236	37,190	41,249	+ 23.0	24.0	27.9	29.2
55 - 64	11,469	11,059	15,399	- 3.6	9.1	8.3	10.9
65 & over	18,330	20,447	21,957	+ 11.5	14.6	15.3	15.5
Median age (years)	33.6	35.9	39.2	+ 6.8	--	--	--

* Middle in a series of three different projections, each based on alternative assumptions for future fertility, mortality, and net immigration levels. Includes Armed Forces overseas.

Note: Columns may not add to totals shown due to rounding.

Source: U.S. Bureau of the Census: Current Population Reports, Series P-25, No. 952 (May 1984).

Consumer Expenditures

The Bureau of Economic Analysis, U.S. Department of Commerce, traces the flow of goods and services from source through to the consumer, and reports the supply in terms of a retail value representing personal consumption expenditures. The procedure yields figures higher than sales through retail outlets since it values all goods reaching the consumer, including through other than retail outlets.

Consumer Expenditures (continued)

Personal consumption expenditures are reported by the BEA in current dollars and in a constant (1982) dollar.

Personal Consumption Expenditures for Footwear: 1983-1986
(Millions of dollars)

	1986	1985(r)	1984(r)	1983	% Change 1986/85
Footwear, total					
Current dollars	$ 24.6	$ 23.2	$ 21.6	$ 20.2	+ 6.0%
Constant dollars	24.0	22.5	21.2	20.1	+ 6.6

(r) revised.

Source: U.S. Department of Commerce: National Income & Wealth Division, Bureau of Economic Analysis.

Based on available information, personal consumption expenditures for footwear by wearer classification (sex/age groups) are estimated as follows:

Personal Consumption Expenditures
(Millions of dollars)

	1986	1985	1984
Footwear, total	$24.6	$23.2	$21.6
Men's (16 & over) (e)	7.5	7.0	6.5
Women's (16 & over) (e)	12.1	11.5	10.7
Boys', girls' (e)	5.0	4.7	4.4

(e) estimated

Source: Fairchild Market Research Department; Bureau of Economic Analysis.

In order to revise the Consumer Price Index, the Bureau of Labor Statistics is conducting annual surveys on average household (defined as a "consumer unit") expenditures. The complete reports analyze average spending in a number of breakdowns. Following covers averages by size of household, 1984. The averages are based on the total universe, including households that may not have spent anything on footwear during the year, and therefore are lower than averages for spenders only.

Average Annual Expenditure on Footwear
By Size of Urban Household: 1984

Total, all households	$130
One person	77
Two persons	109
Three persons	150
Four persons	188
Five persons	204
Six or more persons	217

Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Interview Survey: 1984 (August 1986).

RETAIL TRADE

Consumer Prices

Fixed Price Indexes for Footwear
Personal Consumption Expenditures, 1982 Weights
(1982=100)

1986	1985	1984	1983	% Change 1986/83
102.7	103.1	101.8	100.6	+ 2.1%

Source: Bureau of Economic Analysis.

The Bureau of Labor Statistics issues monthly Consumer Price Indexes covering a full range of goods and services purchased by consumers. Reflecting the price increases in raw materials and in footwear imported from countries whose currencies have been affected by the devaluation of the dollar, footwear prices have been gaining this year, particularly women's. As of June 1987, the unadjusted footwear price index was 4.2% higher than in the same month a year ago. The index for women's footwear was up 4.5%; for men's, 3.1% for boys' and girls', 4.4%. Advance reports for July indicated a 2.3% rise in average footwear prices over a year ago, and in August, a gain of 3% over August 1986 prices.

Consumer Price Index on Footwear For All Urban Consumers

	Base Period (=100)	Month of June 1987(p)	1986	Annual Average 1986	1985	1984	Percent Change 1986/85	1985/84
All footwear	1967	218.8	210.0	211.2	212.1	209.5	- 0.4%	+ 1.2%
Men's	12/77	145.6	141.2	142.1	139.4	136.7	+ 1.9	+ 2.0
Boys', girls'	12/77	138.5	132.6	133.9	134.5	132.9	- 0.4	+ 1.2
Women's	12/77	128.9	123.4	123.8	126.8	125.9	- 2.4	+ 0.7

(p) preliminary

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Footwear Sales Trends

While the Department of Commerce reports annual figures covering the value at retail of footwear reaching the consumer through any channel (personal consumption expenditures), sales through retail outlets (with payroll) are reported by this source only at five year intervals through the complete censuses of retail trade.

The fill the void, private services conduct tracking studies measuring consumer purchases among nationwide samples of U.S. households. These services include The Footwear Market Index (FMI), a service of Kormos, Harris & Associates, Nashville, Tenn., and MRCA Information Services' Soft Goods Information Service, Stamford, Conn. (Reports for clients include details on brands, price paid, wearer, place of purchase, etc.).

Footwear Sales Trends (continued)

According to the FMI reports, based on tracking studies among 25,000 households reporting on female footwear and 25,000 reporting on male footwear in each of three four-month reporting periods during the year, retail sales of footwear in 1986 are projected to a total of $23,604 million, up 8.4% over the 1985 total.

Estimated Spending for Footwear in Retail Outlets
(Millions of dollars)

	1986	1985	% Change 1986/85
Total	$23,604	$21,768	+ 8.4%
Men's	8,678	7,688	+12.9
Women's	11,226	11,171	+ 0.5
Juvenile (boys', girls', infants')	3,700	2,909	+27.2

Source: Kormos, Harris & Associates, Inc.
The Footwear Market Index (FMI).

Total footwear purchases in pairs amounted to 897.9 million in 1986, up 6.1% over the 1985 total of 846.6 million pairs, according to the FMI reports. This includes footwear of all types except slippers and protective footwear. Women's styles account for well over half, but declined from 56.1% of the total in 1985 to 54.7% in 1986.

Distribution of Footwear Purchases (Pairs)
By Market Segments

	1986	1985	% Change 1986/85
Total footwear purchases	100.0%	100.0%	+ 6.1%
Men's	26.5	25.3	+ 11.2
Women's	54.7	56.1	+ 3.6
Boys'	7.3	7.2	+ 7.6
Girls'	5.6	6.1	- 2.7
Infants'	5.8	5.3	+ 16.1

Source: FMI, Kormos, Harris & Associates, Inc.

The KSA Perspective, an analysis of retail trends and outlook for 1987 by Kurt Salmon Associates, includes a discussion of oversupply of footwear at the retail level. A combination of factors: imports, technology, growth in fashion importance, more retail outlets and shorter product life cycles, were cited as contributing to the glut even though they had helped sales. Per capita consumption has failed to keep up with per capita new supply which climbed from 3.2 pairs in 1981 to 4.8 pairs in 1986. (It should be noted that the Census Bureau uses the term "apparent consumption" in defining new supply (production less exports plus imports).)

Footwear Sales Trends (continued)

Meanwhile, larger companies have deemphasized their manufacturing operations to invest in more retail space, relying on the strength of their brand names to compete against imports. The KSA analysis concludes that the market is currently oversupplied and overstored and inventory management will be the key to profit performance.

The various components of the U.S. footwear market present a mixed picture in recent years. Footwear for men, boys and girls -- excluding athletic footwear -- have lost market share. Cutting through all of these markets, and showing the biggest gain in market share is athletic footwear of all types, which have gained at the expense of dressier styles.

Footwear Consumption
Year-to-Year % Change in Pairs Purchased by Consumers

	1984/83	1985/84	1986/85	1987/86
Dress, casual, work & boots				
Men's	+ 9%	- 5%	0	- 5%
Women's	+ 9	+ 6	+ 8	+ 5
Boys'	+ 8	- 4	0	- 5
Girls'	+ 6	0	- 6	0
Infants'	0	+11	+15	+10
Athletic (all types including nonrubber and rubber fabric)	+ 7	+10	+15	+20

Source: KSA Based on The Footwear Market Index, a service of Kormos, Harris & Associates, Inc.

Athletic footwear of all types, including sneakers, represented 34% of total footwear purchases in the U.S. in 1986, up from 29% in 1983. It is the largest single component of the market and still growing, though at a slower pace and with shifts occurring in best-selling styles of athletic footwear.

Distribution of Total U.S. Purchases of Nonrubber & Rubber/Fabric Footwear
By Type of Shoe: 1983, 1986

Shoe Sizes:	Men's		Women's		Boys'		Girls'		Infants		Total	
	1986	1983	1986	1983	1986	1983	1986	1983	1986	1983	1986	1983
Total (mil. pairs)*	238.3	181.3	491.6	405.8	65.5	52.1	50.4	49.9	52.3	39.9	897.9	728.8
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Dress	25.6	29.4	38.8	40.2	12.2	14.0	24.8	21.8	22.7	21.3	31.7	33.4
Casual	11.8	13.7	29.2	33.5	6.5	7.9	21.0	29.1	20.4	23.0	22.0	25.9
Athletic/tennis	43.8	37.9	21.3	17.5	73.2	68.5	45.2	41.3	47.4	44.6	33.9	29.3
Work/duty	10.5	11.5	2.4	2.4	2.0	2.1	0.6	0.2	--	--	4.3	4.4
Western/casual boot	2.4	3.2	0.8	1.1	1.7	2.5	0.8	1.6	--	--	1.2	1.7
Other	5.9	4.2	7.5	5.3	4.4	5.0	7.7	5.9	9.5	11.1	6.9	5.3

*Includes rubber and rubber/fabric footwear except slippers or protective footwear.

Source: Kormos, Harris & Associates; FIA Footwear Manual (1987).

RETAIL TRADE

Retail Outlet Types

The latest official source of information on retail sales of footwear by type of retail outlet was covered by the U.S. Bureau of the Census in the 1982 Census of Retail Trade. Information from this source has been reported in detail in the following Fact Files: FOOTWEAR (1986 Edition), SALES OF MAJOR CLASSES OF CONSUMER GOODS BY RETAIL OUTLET TYPE (1986); A STATISTICAL ANALYSIS OF RETAILING (Fact File Special Edition: 1985).

Shoe Stores

Total sales of footwear and footwear accessories by retail outlets with payroll amounted to $17.0 billion, according to the 1982 census. Of this total, shoe stores accounted for 64.4% general merchandise stores, 19.4%; other outlets, 6.2%. Not including footwear accessories, shoe stores accounted for 71.7% of the $10.6 billion footwear sales in stores with payroll.

The annual County Business Pattern reports issued by the Census Bureau are a source of information on the number of shoe stores by employment size, and the latest issue currently available covers the year 1984. Compared with the count in 1982, a gain of 2,311 stores was noted in the 1984 total. This increase in specialty store operations is expected to be continued in 1986 and 1987 in view of the announced plans of large suppliers and retailer operations.

Number of Shoe Stores By Employment Size Class: 1982, 1984

	Employment Size Class							
	Total		Under 20		20-99		100 or more	
	1984	1982	1984	1982	1984	1982	1984	1982
Number of stores	37,734	35,423	37,126	34,912	595	497	13	14
Number of employees	194,344	191,327	175,254	174,223	17,480	12,365	1,610	4,739
Annual Payroll (mil. $)	1,738.1	1,591.3	1,574.9	1,446.8	149.2	*	14.0	*

* combined total: $109.5 million.

Source: U.S. Bureau of the Census: County Business Patterns.

Current information on employment in shoe stores, including stores without paid employees is compiled by the Bureau of Labor Statistics. (Besides its broader coverage, the BLS and Census Bureau use different methods in compiling their statistics on employment.)

According to preliminary figures for the month of July 1987, issued by the BLS, shoe store employment numbered 211.1 thousand, which was 5.5% above the total of 200.1 thousand reported for July 1986. Employment for the year 1986 averaged 204.7 thousand, down from 207.2 thousand in 1985; 211.6 thousand in 1984.

Retail Outlet Types

Shoe Stores (continued)

The trend in failures involving losses to creditors among shoe stores has grown sharply since 1980 although liabilities are down, as the fall-out involves smaller operations.

Shoe Store Failures & Liabilities, 1980-1986

Year	Number	Liabilities ($000)
1980	80	$ 51,330
1981	116	12,148
1982	153	70,170
1983	236	29,876
1984	347	50,621
1985	310	26,113
1986	330	34,999

Source: Dun & Bradstreet, Inc.

Some of the larger U.S. footwear suppliers are involved not only with manufacturing in the U.S. and/or sourcing abroad, but also operate retail footwear companies. As noted in the section on Athletic Footwear Suppliers, this is a growing development as suppliers seek greater control over the marketing process.

In addition, retail chains operating department stores or general merchandise stores such as Woolworth and Penney have entered (or plan to enter) into the specialized shoe retailing business. An analysis of the available financial results of primarily shoe retailing companies in 1986 (Footwear News, July 6, 1987) indicated the year's sales growth for the group at only 4.7% compared with 1985. Because of the very poor profit performance in 1985, 1986 results were relatively good and registered a gain of 16.8%.

Sales & Operating Profits of the Leading Footwear Retailers
(Millions of dollars)

	Footwear Sales			Footwear Operating Profit		
	1986	1985	% Change 1986/85	1986	1985	% Change 1986/85
Kinney Shoe (F.W. Woolworth)	$1,820.3	$1,608.7	+13.2%	$228.0	$188.1	+ 21.2%
Melvile Corp.	1,526.1	1,527.9	- 0.1	164.3	157.6	+ 4.3
Brown Group	1,050.1	1,078.1	- 2.6	65.9	82.7	- 20.3
Volume Shoe (May Dept. Stores)	933.8	763.4	+22.3	135.2	100.1	+ 35.1
Morse Shoe, Inc.	585.6	541.0	+ 8.2	31.8	22.8	+ 39.5
Edison Bros. Stores	569.6	525.4	+ 8.4	43.0	21.0	+104.8
Total	6,485.5	6,044.5	+ 7.3	668.2	572.3	+ 16.8

Note: For companies involved in the manufacture of footwear as well as retailing the above figures including both footwear operations.

Source: Footwear News (July 6, 1987), based on annual reports.

Retail Outlet Types

Shoe Stores (continued)

The National Shoe Retailers Association, New York, compiles annual reports on shoe store operations, including the following.

Shoe Stores: Selected Operating Ratios By Store Type: 1985
(Average Per Store)

	All Stores	Family	Men's	Women's	Children's
Net sales	$356,465	$431,026	$208,290	$289,092	$242,051
1985/84 Gain/Loss	+ 3.21	+ 4.6	+ 5.5	+ 2.2	- 1.3
Initial markup (%)	53.05	51.4	52.3	55.5	55.2
Gross margin (%)	43.8	41.2	45.8	42.2	47.3
Markdowns (%)	19.6	20.9	13.6	29.9	17.6
Stock turnover	2.07	1.9	1.7	2.7	2.1
Average square feet	2,437	3,359	1,819	1,590	1,319
Sales per square foot ($)	146	128	114	184	184
Average inventory cost ($)	97,076	124,417	63,408	69,260	63,774
Inventory change, 1985/84	+ 8.5	+ 3.3	+ 8.3	+ 2.8	- 8.3

Source: National Shoe Retailers Association:
1986 Shoe Store Operational Study.

Shoe Store Expenses & Profits: 1982-1985
(Percent of sales)

	1985	1984	1983	1982
Total sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	56.4	56.3	56.6	55.9
Gross margin	43.8	43.7	43.5	44.1
Expenses	43.1	42.4	42.9	43.7
Pretax operating profit	1.0	1.6	0.7	6.9
Pretax net income	2.6	3.1	1.2	1.3

Source: National Shoe Retailers Association:
1986 Shoe Store Operational Study.

Monthly and annual sales figures for retail stores are compiled by the U.S. Bureau of the Census. Last year, in line with the procedure used in reports on the complete census of retail trade covering 1982, the Bureau revised its sales estimates to include leased shoe departments as separate shoe stores, rather than to include the figures in sales of the lessors. The current reports are based on sample surveys of U.S. retailers. (Sales figures are in current dollars).

Retail Outlet Types

Shoe Stores (continued)

Shoe Store Sales: Selected Years 1982-1986
(Millions of dollars)

				Percent Change		
	1986	1985	1982	1986/85	1985/84	1986/82
Shoe stores, total	$14,927	$14,010	$11,419	+ 6.5%	+ 8.5%	+30.7%
Stores in chains of 11 or more stores	9,055	8,122	6,222	+11.5	+ 9.6	+45.5

Source: U.S. Department of the Census: Bureau of the Census, Revised Monthly Sales and Inventories (BR-13-86S).

In the first seven months of 1987, shoe store sales registered a healthy gain of 10.6% compared with volume in the same 1987 period. Meanwhile, sales of the apparel and accessory store group as a whole were up only 7.0%; total retail sales excluding the automotive group rose only 4.8%. For multiunit stores (11 or more) the Bureau reported a sales gain of 8.5% in January-July 1987.

Monthly Pattern in Shoe Store Sales, 1985, 1986
(Percent of year's sales by months)

Year	Total	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1986	100.0	6.5	6.1	6.9	8.0	8.7	7.8	7.2	9.6	8.4	8.4	8.8	11.6
1985	100.0	6.7	6.1	8.4	9.1	8.8	8.1	7.2	9.2	8.3	8.3	8.8	11.0

Source: Based on Monthly Retail Trade Reports, U.S. Bureau of the Census.

Department Stores

Department stores, including traditional as well as discount department stores, and department stores operated by the mail order or national chains, had footwear sales amounting to $2.7 billion in 1982, according to the latest census of retail trade. This was about 29% of the reported total for footwear sales in all outlets. Not included in the department store figures are sales in leased departments.

Footwear accounted for 2.7% of total store sales that year, and based on the same percentage, in 1986 footwear sales in all types of department stores would have amounted to $3.6 billion, up from an estimated $3.4 billion in 1985.

Merchandising and operating results in the typical department store reporting to the National Retail Merchants Association for the year 1985 were reported as follows.

Retail Outlet Types

Department Stores (continued)

Merchandising & Operating Results of Footwear
In Department Stores With Total Sales Over $1 Million, 1985
(Median results)

	Total All Footwear Depts. (56)	Women's, Misses' & Juniors' Footwear (53)	Men's Footwear (41)	Children' Footwear (27)
Net sales, % change from last year	-.6	-1.1	.7	- 5.0
Sales, % to total store sales	4.8	4.0	.8	.3
$ sales per square foot of selling space (main or largest unit)	170.1	175.2	266.6	143.7
Cumulative markon, %	51.1	51.8	48.0	49.1
Gross margin, % of sales (incl. cash discounts)	40.2	40.8	39.4	37.8
Advertising, % of net sales	3.9	3.8	3.6	2.1
Selling salaries, % of net sales	9.9	10.4	11.1	10.7
Number of stock turns (times)	2.1	2.3	1.7	1.3

* Number in Parenthesis refers to the number of companies reporting in each category.

Source: National Retail Merchants Association:
Merchandising and Operating Results (1986 edition).

The growing popularity of walking shoes, particularly among older women, is a development that favors department stores.

These stores, which are pretty much out of the market for performance athletic footwear--are benefitted, too, by the fashion importance of athletic footwear used for street and leisure wear. They are the leading outlet type for athletic footwear as a whole, according to Kurt Salmon Associates (but not including branded athletic footwear).

Athletic Footwear Market

The explosion in demand for running shoes, and the emergence of Nike in the early 1970's, started the athletic footwear revolution, and the growth of specialized athletic footwear stores. The market was stimulated by the tremendous growth in consumer interest in sports/fitness participation, then by the growth in demand among non-participants who wanted the "look" or the comfort offered by many of the athletic footwear classifications. In the early stages of development, the industry focused on performance footwear, then increasingly focused on constructions and styles that consumers adopted for street wear. Reebok was in the forefront of this development, with its garment leather aerobic shoes.

Athletic Footwear Market (continued)

The market became increasingly volatile and segmented, with switches in demand for performance shoes responding to changes in the "in" sports, and demand for athleisure or street footwear swinging with the fashion pendulum. More fashion in footwear has brought higher price points, contributing to sales growth, but has also brought problems in inventory control.

According to Footwear News (Jan. 15, 1987), over 80% of athletic footwear purchases are for street wear. Another source, American Sports Data (ASD), Hartsdale, N.Y., estimates that only 30% of athletic footwear buyers actually participate at all in the sports for which functional athletic footwear is designed.

Nevertheless, active participants, and the changing mix in relation to age and sex, as well as sports, remain the focus of the industry and determine the direction of the general consumer market.

A major development in regard to sports participation has been the fall-out in popularity of running. Fitness walking and cycling, however, are filling the gap. According to the National Sporting Goods Association (NSGA), the number of Americans who see themselves as exercise walkers grew almost 30% from 1985 to 1986 to 53.5 million. The number of runners declined 12% at the same time, to 23.1 million. Hikers numbered 17 million. According to American Sports Data, Inc. some 4.5 million Americans can be classified as "serious walkers". Over half the walkers are over age 55, in contrast with the much younger typical runner, most of whom are under 35.

Women have become a growing factor in the market for athletic footwear, not only because of their interest in fitness and sports participation, but particularly in their preference for athletic footwear for street wear. Tennis and basketball shoes were reported to be providing the hottest active streetwear trend in 1987. As for growth in a participation sport, a market study by Reebok finds that the cycling arena offers an even bigger opportunity than walking. There are 80 million participants, according to this source, and adults represent about 51% of the total. Women make up 55% of this market.

The steps various large suppliers are taking in bringing out footwear to fit the demands of the active market have been covered in the section on Athletic Footwear Suppliers. The potential market represented by active participants is profiled in the following counts by the NSGA. (Definitions of "participants", it will be noted, vary by source, and figures may not agree).

Total Number of Participants in Selected Sports
& The Percent Represented by Women
(Number in millions)

Sports	Number	% Women
Exercise walking	53.5	64.5%
Bicycling	49.7	52.4
Running	30.0	47.3
Aerobic exercise	21.9	86.8
Volleyball	20.7	52.1
Basketball	21.2	27.3

Source: National Sporting Goods Association,
(Footwear News, July 20, 1987).

Athletic Footwear Market (continued)

The NSGA finds that a large percentage of new participants in many sports are women, fueling growth, though, overall, men outnumber women participatns in most sports. This development is changing the look of athletic footwear, but more importantly, affecting production schedules and merchandising. It is contributing to the short life of styles as well as to changing patterns of distribution.

In golf shoes, for example, new players (men and women) estimated at 40,000 this year, are joining the two million already playing to swell demand for golf shoes, projected to a 3.4 million pair market ths year. The styles in demand are influenced by athletic footwear styles which these newcomers are used to, and purchases are made in discount and mass merchandiser stores, instead of almost totally in pro shops and specialty stores as in the past.

The main source of distribution for branded athletic lines is in sporting goods and athletic shoe stores, or through leased department operated by specialty athletic footwear operations. As previously noted in the secton on Athletic Footwear Suppliers, the current trend on the part of suppliers and the large retail chains is toward more specialized outlets, catering to both the active participant and the street active customer.

Total retail sales of all types of athletic footwear have been estimated at over $4.0 billion at the present time. The NSGA placed 1986 volume at a conservative $3.2 billion, up 7% over the 1986 total. The biggest growth in sales last year was in aerobic footwear -- up 87% over 1985. Cycling shoes, which are expected in some quarters to be the current hot item, did not show up in 1986 data by NSGA as a separate classification. Average prices were up for most categories, but units were down except for aerobic footwear.

Sales of Athletic Footwear in Selected Classifications: 1985, 1986*
(In millions)

	Pairs			Dollars		
	1986	1985	% Change	1986	1985	% Change
Aerobics	10.8	5.8	+ 86.2%	$332.8	$177.5	+ 87.5%
Basketball	5.4	5.6	- 3.6	186.8	185.4	+ 0.8
Gym shoes, sneakers	26.9	30.0	- 10.3	585.8	655.5	- 10.6
Jogging/running	17.1	17.6	- 2.8	545.2	572.0	- 4.7
Tennis	17.6	18.7	- 5.9	447.7	469.7	- 4.7
Walking	11.2	na	--	368.4	na	--
Workout/fitness	4.7	na	--	150.7	na	--

na not available
* Not including specialized shoes worn for golf, bowling, baseball, hiking, etc.

Source: National Sporting Goods Association
(Stores magazine, July 1987).

Athletic Footwear Market (continued)

Views of market potential previously discussed, as seen by suppliers, would indicate a stronger market in 1987 for walking shoes as well as cycling shoes. A sizeable quantity of athleisure footwear may not be included in the NSGA data.

In addition, athletic footwear suppliers have a large stake in athletic footwear for infants and children. Kormos, Harris & Associates, Inc., Nashville, a footwear marketing research firm has reported that in a 12-month period ending April 1987, athletic shoes (including sneakers) accounted for 73% of all footwear sold to boys age 3-10; 45% of the total girls' footwear market and 48% of the infants' market. In pairs the totals were: boys', 50.2 million; girls', 23.3 million; infants', 25.4 million.

Consumer purchases of all types of athletic/tennis footwear tracked in the Kormos, Harris FMI (Footwear Market Index) studies showed the following results for 1986 compared with 1985.

Market Size Estimates On Athletic/Tennis Footwear: 1982, 1985, 1986
(Thousands of pairs)

	1986	1985	1982
Total	279,485	237,207	172,514
Men's	104,261	87,158	61,153
Women's	104,468	85,480	58,709
Boys'	47,972	43,902	34,560
Girls'	22,784	20,667	18,092

Source: Kormos, Harris & Associates, Nashville, Tenn.

As the American consumer has accepted aerobics, tennis, running and basketball shoes as the favored item for comfort and leisure wear in place of traditional dress and casual categories, traditional shoe stores are now selling more athletic shoes than sporting goods stores, according to an analysis by Footwear News (January 5, 1987). Although major branded athletic shoe companies have concentrated their marketing efforts on the traditional sporting goods market, their planning, as covered in previous sections of this Fact File, shows a broadening of efforts to capture the new consumer.

According to the FN report, in 1986 in the men's market the single largest share of athletic footwear business was held by shoe stores of all types (28%), sporting goods stores accounted for 15%; discount stores, 24%, (based on pairs). Women bought 29% of their athletic shoes in shoe stores; 24% in discount stores, 10% in sporting goods stores, 8% in department stores.

An NSGA report, which was based on consumer responses covering types of shoes purchased, place of purchase, etc., and therefore colored by consumers' perceptions, included the following information on type of retail outlet in which specified athletic footwear was purchased in 1986.

RETAIL TRADE

Athletic Footwear Market (continued)

Athletic Footwear Purchases By Type of Retail Outlet: 1986
(Percent of total purchases)

Shoe Types: Store Types	Aerobics	Basketball	Gym/ Sneakers	Jogging	Walking	Fitness
Specialty sporting goods	16.9%	26.9%	11.1%	21.6%	9.1%	18.8%
Specialty athletic footwear	18.7	22.6	8.8	19.7	14.7	18.8
Specialty sport/pro shops	2.5	3.7	2.8	4.3	2.8	5.1
Discount stores	21.7	17.4	34.6	18.6	22.8	20.9
Department stores	28.3	14.1	23.8	22.6	27.3	23.8
Mail order	2.9	0.6	1.2	2.3	3.9	1.5
Catalog showrooms	0.3	--	0.1	0.3	0 5	0.3
Other (incl. traditional shoe stores)	8.7	14.7	17.6	10.6	18.9	10.8

Source: NSGA (Stores Magazine, July 1987).

CONSUMER BUYING HABITS

Based on purchases tracked among 11,500 households representative of the U.S. population, MRCA Information Services has developed information on monthly purchase patterns reported for footwear, which has been reported by the Newspaper Advertising Bureau.

Monthly Pattern in Purchases (Pairs)
(Index: monthly average for year = 100)

	Women's	Girls'	Boys'
Monthly average	100.0	100.0	100.0
January	81.0	62.0	66.6
February	84.6	56.4	67.8
March	105.6	101.4	104.8
April	116.2	135.7	120.1
May	118.1	91.6	89.2
June	123.2	124.4	103.6
July	96.5	91.7	86.9
August	95.0	147.5	152.6
September	97.0	108.4	117.1
October	83.1	75.6	70.4
November	90.9	99.8	85.1
December	118.4	116.7	123.7

Source: Based on MRCA data published by the Newspaper Advertising Bureau.

CONSUMER BUYING HABITS

Footwear purchases are tracked on a regular basis, covering three four-month periods throughout the year by Footwear Market Index (FMI), as previously noted. Following are selected findings on purchase patterns.

Distribution of the Total Footwear Market (Pairs)
By Place of Purchase: 1983, 1986

	1986	1983
Total	100.0%	100.0%
National catalog chains	10.7	11.7
Department stores	11.4	12.6
Discount stores	20.0	17.5
Apparel specialty	1.8	2.6
Family shoe stores	19.8	16.8
Shoe specialty stores (men's, women's, or children's)	19.4	22.2
Sporting goods/pro shops	3.6	2.8
Mail order	2.0	2.0
Factory outlets	2.4	3.0
All other outlets	8.8	10.0

Average Price Paid For Footwear: 1983-1986

	1986	1985	1984	1983
Average Total Price (regular & sales)	$26.28	$25.80	$26.06	$26.58
Average regular price	31.91	31.33	31.21	30.91
Percent on sale	53.5%	53.1%	51.4%	47.7%

Source: Kormos, Harris & Associates
Nashville, Tenn. Footwear Market Index.

Teenage Girls

In October 1986, Seventeen Magazine conducted a mail survey among 4,000 members of their Consumer Panel, representing a cross-section of the teenage market, (girls age 13-19) in the U.S.. Following are results on Back-To-School Buying Plans projected to 12,289,000 teenagers in the U.S.. 93.1% of the girls had purchased shoes, 87.2% had purchased sneakers, and 52.3% had purchased boots for Back-To-School/Fall wear.

Back-To-School Footwear Purchases by Teenage Girls

	No. of Pairs	Expenditures
Projected total (thousands)	77,478	$2,384,666
Percent	100.0%	100.0%
Types of footwear purchased:		
Dress	30.1	27.1
Casuals	24.5	22.1
Boots	12.5	19.1
Tennis	6.7	6.4
Hightops	5.8	6.4
Aerobics	5.3	5.9
Jogging	3.0	3.2
Other Sneakers	3.4	2.7
Formal evening	3.6	4.5
Other	1.7	0.7

Source: Seventeen's Back-To-School Study, 1986.

SCHEDULE OF ADDITIONAL FACT FILES

THE CHILDREN'S MARKET: INFANTS', TODDLERS', GIRLS' AND BOYS' (APPAREL, PLAYTHINGS & RELATED PRODUCTS: Includes a detailed statistical profile of the U.S. industry, i.e. number and size of manufacturers, production and shipments, employment trends and more. Also details imports and exports by product. At the retail level, this Fact File covers sales estimates, information on leading outlet types and on consumer price trends. The size of the growing potential market in terms of population counts and birth projections is outlined as well as consumer preferences and buying patterns in the consumer market.

CONSUMER MARKET DEVELOPMENTS: An overview of all facets of the consumer market. Within the framework of population and income groups, the markets for children's products, for young adults and for the mature are defined in terms of numbers and buying power. Trends and projections are included as well as an analysis of developments that are shaping the U.S. consumer market -- living arrangements, households, working women, marriage and birth rates, etc. Trends in personal consumption expenditures are also covered.

DEPARTMENT STORE AND SPECIALTY STORE SALES (1987 Edition): Updates information in the 1986 Edition on department and apparel specialty store sales (not including discount operation) for stores (buying headquarter locations) listed by state within the four major geographical regions of the U.S. Information on the number of stores in operation is included, as well as on plans to open stores, if available. Available data on sales of branch stores is included. Additional features include: An alphabetical listing of major national chains in the general merchandise and apparel store classifications with the latest available sales figures; a listing and sales figures for traditional department stores which have sales volumes published, or estimated, of $50 million or more in 1986; a list of conglomerates operating traditional department and apparel stores, including the names and locations of these stores.

DRESSES & CAREER APPAREL (WOMEN'S, MISSES' AND JUNIORS'): At the manufacturer level, provides a statistical profile of the dress industry and the products made within this industry, including dresses, career apparel, pants dresses, ensembles, etc. Includes number and size of manufacturers, production and value of shipments, industry location and trends in employment levels. Analyzed is the growing impact of imports on total growth in the size of the consumer market, based on population counts, working women by type of occupation, and more.

FASHION ACCESSORIES (MEN'S AND WOMEN'S): Covers developments in the U.S. industry, in imports and in retail sales for fashion accessories, including small leather goods, handbags, millinery, scarves, gloves, belts, jewelry, sunglasses, watches, etc. to the extent that statistical information is available. Included are production and shipments by U.S. manufacturers plus the quantity and value of imports in recent periods. Retail sales and operating results in department and specialty stores are reported, as well as summaries of available studies on consumer buying preferences.

FOOTWEAR (MEN'S, WOMEN'S, BOYS', GIRLS') (1987 Edition): Updates the 1986 edition with figures on U.S. manufacturers production and shipments by type of footwear. Also detailed statistics on imports and their impact on total U.S. market supply. Analyses industry trends and performance of major resources and retailers. Spotlights developments in the athletic footwear industry and consumer market. At the retail level, information is included on sales trends and merchandising results for shoe stores and for footwear departments in department stores; as well as consumer purchase patterns.

HOME TEXTILES & RELATED PRODUCTS: Includes the latest statistics on the U.S. industry, including manufacturers wide variety of products -- bed linens, towels, blankets, comforters, slip covers, pillows, curtains/draperies and hardware,, shades, and blinds. Covers the changing competitive nature of the industry through acquisitions of major producers and through consolidation of buying power at the retail level. Includes information on production, shipments and retail sales.

HOSIERY/LEGWEAR/BODYWEAR (MEN'S, WOMEN'S, BOYS', GIRLS'): A comprehensive report on mills making hosiery and related products, including production and shipments, fiber consumption, producer price trends. The growing trend in imports is also covered. At the consumer level, the size of the potential market is measured in terms of population counts and projections and estimates are included on retail sales of major products by type of retail outlet.

HOUSEHOLD APPLIANCES, ELECTRIC HOUSEWARES, HOME ENTERTAINMENT PRODUCTS: Covers a broad range of products included in these three classifications at the manufacturer and at the retail level. Provides a statistical profile of the U.S. industry in terms of number of manufacturers, production, shipments, exports. Imports are detailed, as well as information on export markets. Covers retail sales and merchandising results and information on appliance/radio/TV stores.

HOUSEHOLD FURNITURE AND BEDDING: Provides an overall view of market trends in the U.S. For the U.S. industry, the report covers statistics on manufacturers, on production and shipments in terms of quantity and value by type of furniture. Trends in the concentration levels in the U.S. industry are reported, as well as in employment and earnings in the industry. Also included is information on the industry in leading states. Consumer market information includes data on characteristics of new housing units (number of rooms); also trends in consumer expenditures for furniture, sales by type of outlet. Details on furniture stores, including the 25 leaders, are also covered.

MEN'S FURNISHINGS AND WORK/CAREER APPAREL: Provides a summary of major market trends in men's shirts, (dress and sport), underwear, nightwear, robes, hosiery and headwear, as well as the growing market for work/career apparel. These products are covered at the U.S. industry level, including production and shipments, employment trends and manufacturer concentration levels. Imports are detailed by product in terms of quantity and value, as well as exports. Data at the retail level includes sales and operating results in men's furnishings in department and specialty stores. The potential market for work/career apparel is defined in data on trends in employment of men by occupation.

MEN'S SPORTSWEAR, CASUALWEAR, OUTERWEAR: The wide variety of men's wear items included are covered from available statistical information on the industry at the manufacturer, retailer and consumer levels. Included is information on production and shipments by domestic producers, imports and exports. The retail market is covered in sales estimates and data on major outlet types, as well as studies of consumer buying practices.

MEN'S TAILORED CLOTHING/SEPARATES; RAINWEAR: Covers information on the fast-growing category, tailored (but unstructured) separates for men, as well as suits, jackets and coats made in the men's clothing industry, plus rainwear. U.S. industry data includes trends in the number of manufacturers, production and value of shipments, location of the industry and employment trends. Foreign trade is examined, including export and import developments. The U.S. consumer market is defined in terms of number in the population by age and by population groups. A look is taken at the Young Men's market and merchandising practices of stores to reach this market. Departmental merchandising and operating results in department stores and in men's wear stores are covered.

RETAILING/MERCHANDISING TRENDS: Covers the dramatic changes underway in the operations, of the large retailing organizations, such as the decentralization of operations beyond traditional geographic boundaries and diversification of operations to include store types differing from the primary business. Also covered are developments in brand name merchandising, store labels, designer labels, licensing and off-price retailing.

SALES OF MAJOR CLASSIFICATIONS OF CONSUMER GOODS BY RETAIL OUTLET TYPE: Covers sales of grocery products, drugs, apparel, footwear, sporting goods, home furnishings and other product lines by major type of retail outlet. The sales are detailed, and trends analyzed on market shares held by major outlet types based on the latest complete Census of Retail Trade recently issued by the U.S. Census Bureau.

THE SPORTS/FITNESS/LEISURE MARKETS (A Fact File Special Edition): Covers details on U.S. manufacturers in the sporting goods/athletic goods industry, concentrating on products sold through retail outlets such as sporting goods stores and general merchandise stores, as well as functional athletic footwear and apparel. Includes quantity and value of shipments of specific products; concentration of shipments among leading manufacturers, and trends in producer prices. Imports of specified sporting and athletic goods are covered. At the consumer level, data includes statistics on sports participation levels and purchases of specific sports equipment. Also buying habits in relation to activewear and sports equipment.

SPORTSWEAR, CASUAL WEAR, SEPARATES AND JEANS (WOMEN'S, MISSES' AND JUNIORS'): A statistical view of this segment of the women's wear industry is provided, including data on production and value of shipments, imports of major categories, sales by type of outlet, price points, seasonal patterns, and consumer buying habits.

A STATISTICAL ANALYSIS OF RETAILING (A Fact File Special Edition): A detailed statistical summary of retail trade in the U.S. based on findings in the 1982 Census of Retail Trade issued in 1985 by the U.S. Census Bureau. Percentage distributions have been calculated for firms and outlet types, including single and multi-unit operations, sales concentration and geographical distribution, with comparisons with 1977 census findings where possible.

TABLETOP & GIFTWARES: Statistics included for these industries include those on both the manufacturing and retailing levels. There's coverage of production and shipments; foreign trade; retail sales; plus data on the consumer market including buying habits and expenditures.

THE TEXTILE/APPAREL INDUSTRIES: Provides an overview of the U.S. textile and apparel industries, their current problems and programs to improve their competitive position in the U.S. market and abroad. Covers a statistical profile of each industry in terms of number of manufacturers, concentration levels, production and shipments, including exports. Trends in imports in terms of quantity and value are detailed. Also included is information on plant and equipment expenditures and on mill machinery in place in U.S. mills.

TOILETRIES, COSMETICS, FRAGRANCES AND BEAUTY AIDS: A detailed view of the U.S. industry, leading manufacturers, sales of products for both men and women, trends in industry employment and earnings, advertising expenditures, foreign trade. Consumer expenditures by product are detailed, as well as retail sales by outlet type, and consumer buying patterns and usage in regard to specific products.

WOMEN'S COATS, SUITS, RAINWEAR, AND FURS: Data from the domestic industry includes the number of manufacturers, industry concentration levels, trends in employment and earnings, production and value of shipments, including exports. Import trends and impact on U.S. market supply are analyzed. At the retail level, information includes consumer price trends, the size of the potential market and outlook for growth in terms of population by age group and employment trends among women. Also covers sales estimates and operating results in department and specialty store.

WOMEN'S INNER FASHIONS: NIGHTWEAR, DAYWEAR AND LOUNGEWEAR: An analysis of statistical information available on the industry and market, from manufacturer through to consumer. Includes the latest available data on U.S. production, shipments and exports; and details on imports. Retail sales and operating results in department and specialty stores are covered, as well as trends in producer and consumer prices. Developments in the size of the consumer market and trends in the market are summarized.

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